"It is unprofessional for a physician to assist unqualified persons to evade legal restrictions governing the practice of medicine; * * *

"Physicians should expose without fear or favor, before the proper medical or legal tribunals, corrupt or dishonest conduct of members of the profession.

"Physicians, as good citizens and because their professional training specially qualifies them to render this service, should give advice concerning the public health of the community. They should bear their full part in enforcing its laws and sustaining the institutions that advance the interests of humanity."

Practicing physicians of the state can be of great assistance in protection of the public from unprofessional physicians and illegal acts of cult practitioners, if they keep the above quoted principles clearly in mind.

The Oregon Board of Medical Examiners is charged by statute with the duty of revoking or suspending the license of any physician who violates the statutory rules governing unprofessional or dishonorable conduct. It is also charged with the duty of investigating any charge of practicing medicine without a license, and bringing such charge to the attention of the law enforcement agencies of the state. In some instances efforts of the Board in seeking to carry out its statutory duties have been nullified by conduct of physicians which may be regarded as unethical, under the above quoted Principles of Ethics.

When a physician has direct evidence of unpro-
4360 fessional conduct of another physician, it is his duty to report such conduct to the body having jurisdiction, which is usually the Board of Medical Examiners and his county medical society. Patients and physicians are reluctant to subject themselves to the trouble and possible publicity involved in any such report. But if the physician brings home to his patient that the interest of the public should be protected from unprofessional physicians, he will normally see his duty. Similarly, when a physician has direct evidence of illegal acts of cult practitioners, he should bring such acts to the attention of law enforcement agencies.

In some instances, where criminal proceedings have been brought concerning alleged illegal acts of cult practitioners (practicing medicine without a license), effective prosecution has been prevented by a physician appearing as witness for the accused. Such physicians have testified

to various things, such as the accused was acting under the physician's direction, the acts were "emergency" ones, the acts were "justified under the circumstances," the modalities used were "natural remedies" and not "medicines," and other things which apparently did not conform to the facts as testified to by other witnesses. The very fact that a physician offers himself as an expert witness for an accused under such circumstances often prevents the conviction of one obviously guilty. In very few instances have members of the State Medical Society participated in such procedures.

Another means of stultifying effective prosecution of alleged illegal acts of cult practitioners is not so apparent to physicians, but is none the less effective. When a person has been treated by a cultist by a modality that is not permitted, such as drugs or major surgery, unfortunate results often occur. Often the person receiving the illegal treatment to his injury wishes to bring a civil action for damages against the accused, and also is not adverse to testifying in a criminal action against the accused. The district attorney, or other law enforcement agency, usually waits until the civil suit has been disposed of, because it is not so difficult to secure a judgment in a civil action for damages as it is to convict in a criminal proceeding. If in those circumstances a physician offers himself as an expert witness on behalf of the accused in the civil suit, and testifies that the accused's conduct was justified under the circumstances when other physicians testify that it was not, the plaintiff usually loses the case. Furthermore, the district attorney will often refuse to bring a criminal action. He has his record to consider, and cannot be expected to work very hard on such a case.

If a physician has seen the person treated as a patient, and is subpoenaed to testify as to the facts observed by him, he is not engaging in unethical conduct. But in offering himself as an expert for the purpose of testifying that the accused pursued justifiable conduct, it may be that he is violating the above quoted Principles by assisting unqualified persons to evade legal restrictions governing the practice of medicine.

Ultimately the ethics of the medical profession and statutory regulation of the practice of medicine have the same goal, protection of the public. Physicians who violate the Principles of Ethics hamper the enforcement of laws governing illegal practice of medicine. They do

this either indirectly by lowering the standards for all practitioners of the healing arts, or directly by enabling unqualified persons to evade legal restrictions.

ORGANIZATION ACTIVITIES

The Council of Oregon State Medical Society met on January 13 in Portland.

A number of very important matters came up and important resolutions were adopted:

POLICY CONCERNING SPECIAL PLANS OF MEDICAL CARE*

Whereas, the House of Delegates of the Oregon State Medical Society, on August 25, 1938, adopted a Policy and Program for the Medical Care of Low-Wage Industrial Groups, under which local plans for the care of such groups may be approved by the local societies and the Council of the Oregon State Medical Society, and such approved local plans now are serving approximately 30,000 employes in 16 counties, including a majority of the industrial centers of the state; and

Whereas, as an additional means of obtaining a better distribution of the costs of medical care, the American Medical Association and the Oregon State Medical Society have approved the principle of hospital service insurance as embodied in plans organized and operated by the hospitals on a non-suit basis; and

Whereas, the American Medical Association and the Oregon State Medical Society have also approved voluntary indemnity insurance plans, which are the best of the plans devised to obtain a better distribution of the costs of medical care; (voluntary indemnity insurance plans may be defined as plans operated by a true insurance company under the legal safeguards provided by the insurance laws governing health and accident insurance wherein the function of the company is restricted *solely to reimbursing the insured* for expenses incurred for medical and hospital services covered by its policy, as distinguished from plans operated under the hospital association law wherein the hospital associations operating the plans contract to furnish medical care to subscribers under conditions prescribed by these associations); and

* Adopted by the Council of the Oregon State Medical Society on January 13, 1940.

Whereas, the Oregon State Medical Society may be requested to approve various other types of special plans;

Now Therefore, the Council of the Oregon State Medical Society hereby adopts the following policy to be applied in considering for approval special plans other than local medical service plans having the approval of the respective local societies, hospital service insurance plans, and voluntary indemnity insurance plans;

1. The sponsors of such other special plans should apply to the Council for approval and should not importune local societies or individual members of the Society for their approval without first applying for and obtaining the approval of the Council.

2. The sponsors of such plans must establish that their plans are organized and conducted in accordance with the best interests of the public, the policies of the Oregon State Medical Society, and the Principles of Medical Ethics.

3. The sponsors of such plans must establish clearly that their plans observe the following principles:

(a) All physicians practicing ethical medicine in their respective communities must be eligible to perform service and the agency conducting the plan must not have the power to arbitrarily exclude any physician from eligibility.

(b) Opportunity to practice medicine and surgery without a license must not exist or be inherent in the plan; as, for example, the agency conducting the plan must not have power to determine whether an operation or other procedure is justified, when the physician employed by the subscriber deems such procedure advisable.

(c) The physician selected by the subscriber must be responsible solely to his patient and not to a third person who can directly or indirectly terminate the physician's services because of his failure to satisfy such third person as to the efficacy of his service.

(d) The agency conducting the plan must not give the public the mistaken impression that it will pay all medical and surgical bills of the subscribers, when, as a matter of fact, the conditions and limitations of the contract
4561 are so numerous and physician's fee schedules so low as to make such payment impossible.

(e) The agency conducting the plan must not attempt to sell physicians' services without their permission, and without consulting them.

(f) The plan must not contain any other features not in the best interests of the public.

4. It is contrary to the best interests of the public and the medical profession for members of the Oregon State Medical Society or its component societies to associate themselves directly or indirectly, with any special plan of medical care which has not been submitted to and approved by the Council.

5. The Secretary is instructed to transmit a copy of this resolution to each member of the Society.

THE NATIONAL PHYSICIANS' COMMITTEE FOR THE EXTENSION OF MEDICAL SERVICE*

Physicians in Oregon and other states are being asked to contribute to the National Physicians' Committee for the Extension of Medical Service.

The purposes of this committee are embodied in the following motion, unanimously adopted by the Directors:

Resolved, that the National Physicians' Committee for the Extension of Medical Service is a non-profit, non-political organization for maintaining ethical and scientific standards and extending medical service to all the people . . . and for . . . cooperating with lay and medical institutions and groups, interested in the preservation of national health, to make more generally known the achievements and to safeguard the independence of American medicine.

In the December 2, 1939, issue, "The Journal of the American Medical Association" comments as follows concerning the organization, personnel, and work of the committee:

"This committee is headed by a group of physicians, many of whom are widely known for their work in the American Medical Association. The organization is not, however, officially connected with the American Medical Association itself. Information elicited from the officials of the National Physicians' Committee indicates that this group has been organized voluntarily to carry on educa-

* Approved for publication by the Council of the Oregon State Medical Society on January 13, 1940.

tion of the public regarding the extension of medical service and preventive medicine. Their work is of the nature of public relations activities. The National Physicians' Committee is in a position to accept contributions from industrial and other organizations in order to aid this campaign. The American Medical Association itself has not in the past and does not accept such contributions. Officials of the organization state also that it is their intent to include in the various subcommittees of the main organization groups of dentists, nurses, hospital executives, pharmacists and all of the other special groups in the field of medicine."

The American Medical Association and the Oregon State Medical Society are scientific organizations, which do not engage in this type of activity and cannot contribute to this committee from their funds. The committee must rely wholly upon voluntary contributions from physicians, dentists, nurses, hospitals, pharmacists, and lay groups interested in the private practice of medicine. *Members of the Society are urged to contribute.*

POLICY CONCERNING ETHICAL RELATIONSHIPS OF MEMBERS IN SERVING SUBSCRIBERS OF UNAPPROVED HOSPITAL ASSOCIATIONS AND SIMILAR ORGANIZATIONS*

1. The following conduct of physicians may be regarded by the disciplinary bodies of the local medical societies as some evidence of association with unapproved organizations or organizations engaged in unethical practices:

(a) Accepting tickets of such organizations.

(b) Billing such organizations directly.

(c) Accepting payment directly on the organization's fee schedule, including accepting checks from such organizations, or checks of such organizations endorsed by the patient.

(d) Rendering reports to such associations concerning conditions of the physician's patients.

(e) Becoming one of a limited panel of physicians at the call of such organizations.

(f) Any other conduct indicating association with such organizations.

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* Adopted by the Council of the Oregon State Medical Society on January 13, 1940.

2. *Merely performing medical service for a patient* who happens to be covered by a contract of an unapproved hospital association or similar organization is not in itself sufficient evidence of association of physicians with such associations or organizations *provided the entire dealing and conduct of the physician shows the normal relationship of physicians and patient.*

3. Such organizations employ methods which are not in the best interests of the public and the medical profession in that:

(a) *They interject a third party between the patient and his physicians* and *attempt to control* the nature and extent of the physician's services to the patient.

(b) *They attempt to control the compensation of the physician* which should always be determined by the patient and his physician, keeping in mind the patient's ability to pay.

(c) *They reap a profit from the physician's services, at the expense of the patient.*

(d) *They seek to gain control over the medical profession.* Domination of the medical profession by commercial corporations is probably more detrimental to the public welfare and the medical profession than regimentation by the government. Due largely to the efforts of organized medicine, efforts to promote the federal control of medical practice have suffered severe set-backs during the last year. *Public opinion is turning toward the medical profession and the present system of private practice.* These gains will be nullified if commercial corporations obtain domination over medical practice.

The Council met with Mr. Charles Bechtold, Manager of the National Hospital Association, to hear his description of the hospital-medical security plan advocated by the National Hospital Association. A very interesting discussion followed the presentation.

The Council employed Mr. John R. Caughell as assistant to the executive secretary in connection with the work of the Bureau of Medical Economics. Mr. Caughell attended the University of Oregon and majored in economics. After completion of his college work, he went into business for himself. He later was employed in a bank in Salem and subsequent to this held a sales position. He has been asso-

ciated with an approved medical service bureau for a period of about three years and is well acquainted with the type of work he is now going to be engaged in. This action has become necessary because of the increasing amount of work handled through the Society headquarters by the executive secretary.

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(This exhibit is part of the February 1940 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 341

4562 EDITORIALS

IMPORTANCE OF STATE SECTIONS

Special attention of readers is called to subjects discussed under State Sections, pertaining to each of the state associations. Everyone is advised to read these each month in order that he may be posted on activities and matters of importance concerning his own organization.

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4563 STATE SECTIONS

OREGON

SIXTY-SIXTH ANNUAL MEETING, EUGENE, SEPTEMBER 4-7

1940 OBJECTIVES

OREGON STATE MEDICAL SOCIETY

1. An enlarged program to bring more and better medical service to low-wage groups and the people generally.

2. An expanded program of postgraduate education for physicians throughout the state.

3. An enlarged program of public relations to inform the public concerning the principles underlying high-type medical service and the evils of politically or commercially controlled medical service.

4. *Close cooperation with every agency whose program touches medical care, preventive medicine, health education or any phase of medicine.*

5. Full support of the platform of American Medical Association to improve the health and medical services of the Nation.

Every physician in the state is urged to support these objectives by membership in his local medical society and Oregon State Medical Society and participation in their activities.

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4564 ORGANIZATION ACTIVITIES

The Council of the Oregon State Medical Society met in Portland on February 10.

The following resolution was passed by the executive committee and approved by the Council:

C. H. WESTON CO.

Whereas, the C. H. Weston Company has heretofore applied to the Executive Committee of the Council for its approval of a so-called insurance policy to provide benefits and payments for medical, surgical and hospital services; and

Whereas, the Executive Committee has examined this insurance plan;

Now Therefore, the Executive Committee hereby recommends to the Council:

1. That this insurance plan be not approved because it does not conform to the policies of the Oregon State Medical Society in that the plan purports to be a "medical indemnity insurance" plan, in spite of the fact that it is not organized under the health and accident insurance laws, but under the hospital association law.

2. That the Council do not approve the plan of any hospital association that is not owned and controlled by physicians who are members of their local society and the Oregon State Medical Society.

3. That the C. H. Weston Company be notified of this action of the Council.

The following *Statement of Policies* and the following excerpts from the new National Hospital Association contract for medical care were ordered to be printed and sent to all members of Oregon State Medical Association.

CONCERNING HOSPITAL ASSOCIATIONS AND RELATED PLANS OF MEDICAL CARE, WITH ANALYSIS OF NEW HOSPITAL AND MEDICAL SECURITY CONTRACTS OF THE NATIONAL HOSPITAL ASSOCIATION

Many members of the Oregon State Medical Society have inquired about the new hospital and medical security contracts of the National Hospital Association and have requested a statement of the attitude of the Oregon State Medical Society toward these contracts.

The National Hospital Association has not applied to the Oregon State Medical Society for approval of its old industrial contracts nor for its new individual or family contracts. The Oregon State Medical Society has not approved any of these contracts.

A statement of some fundamental policies of the Oregon State Medical Society regarding hospital associations and related plans for medical care is given below. Members of the society can judge whether or not the new plan of the National Hospital Association complies with these policies by reading in full the contracts of the National Hospital Association for hospital and medical security, or by reading the quotations below from these contracts.

SOME FUNDAMENTAL POLICIES OF THE OREGON STATE MEDICAL SOCIETY REGARDING HOSPITAL ASSOCIATIONS AND RELATED PLANS FOR MEDICAL CARE*

1. *All physicians practicing ethical medicine in their respective communities must be eligible to perform service.* The agency conducting the plan must not have the power to arbitrarily exclude any physician from eligibility.

2. *Opportunity to practice medicine and surgery without a license must not exist or be inherent in the plan.* If the agency conducting the plan has the power to determine whether an operation or other procedure is justified, and the power to override the attending physician's recommendation, that agency is practicing medicine without a license.

3. *The physician selected by the subscriber must be responsible solely to his patient and not to a third person.*

* These policies are in consonance with the principles which have been followed by the Oregon State Medical Society and the American Medical Association since 1934 and are elaborations of the Principles of Medical Ethics.

Such a third person can directly or indirectly terminate the physician's services because of his failure to satisfy such third person as to the efficacy of his service.

4. *The agency conducting the plan must not give the public the impression that it will pay in full all medical and surgical bills of the subscribers.* The condition and limitations of most contracts are so numerous that such payment is impossible.

5. *The agency conducting the plan must not attempt to sell physicians' services or establish a fee schedule for services without consulting with and obtaining the permission of those physicians.*

4565 IS THE NEW LAW OF THE NATIONAL HOSPITAL ASSOCIATION AN INDEMNITY INSURANCE PLAN OR IS IT AN EXTENSION OF ITS HOSPITAL ASSOCIATION BUSINESS?

The National Hospital Association has not qualified to do business under the health and accident insurance laws of Oregon or any other state. The company is still doing business supposedly under the authority of the hospital association law.

The following quotations from the new contracts of the National Hospital Association show that the new plan is essentially a plan to provide medical, hospital and related services but drafted in such a manner as to leave the inference that it is now an insurance company.

"Foreword: This contract provides medical and surgical services, hospital care, * * * for the member of the class and to the extent herein defined for both sickness and injury wherever the member may be."

"* * * The Association, promises and agrees * * * to bear the expense of medical and surgical services, hospital care and special nursing for the member of the class and to the extent herein stated that are made necessary by sickness or injury as hereinafter defined, subject to the member's application herefor and to the provisions and conditions herein contained."

"This contract shall cover and the Association shall bear the expense of medical and surgical services, hospital care and special nursing for the member of the class and to the extent specified herein for the following causes, excluding all others: * * *"

"The benefits to which the member is entitled are hereinafter enumerated and defined, excluding all others:

"Medical and surgical services of the class and to the extent herein defined, including * * *"

"The Association undertakes only to bear the expense of medical and surgical services, hospital care, special nursing and related benefits defined in this contract to the extent such services and care are available and are actually necessary. * * *"

"The intention of this contract is to provide medical and surgical attention and hospital care for the member, and it is mutually agreed that any remuneration to the member shall apply in payment of such care. * * *"

"The Association will pay, for medical and surgical care, examination and related services, fees, congruous to the income of persons earning up to Twelve Hundred ($1200.00) Dollars per year or of other persons in like circumstances, but not in excess of fees established by the Association as maximum fees to be paid under this contract, and shall be subject to changes from time to time to meet changing conditions."

(Similar language is employed in relation to hospital and ambulance services.)

"The member and the Association shall cooperate in the execution of this contract to the end that the member shall receive prompt and efficient care at reasonable cost to the Association. * * *"

"The payments of the contract fees hereunder shall be evidenced by certificates issued by the duly authorized representatives of the Association. Such certificates shall contain the member's credentials for obtaining benefits to which he is entitled under this contract."

The application form provides: "Since 1906 the National Hospital Association has been engaged in providing protection for wage earners against the burdensome costs of sickness and injuries, principally for groups in the larger industries in the West. Now, to meet the many requests from the general public, the Association is extending its coverage to individuals and their families wherever they may be through an improved contract under which the member selects the doctor and the hospital."

CONTROLS OVER MEDICAL PRACTICE PROVIDED UNDER THE PLAN

The question of whether or not the National Hospital Association retains control over the type and scope of medical attention to be rendered to subscribers of its "new"

plan has been asked several times. The following quotations from the contract of the National Hospital Association show that it has retained as much control over medical practice as it had under its old plan and perhaps may be said to retain more control.

"* * * to bear the expense of * * * that are *made necessary* by sickness or injury as hereinafter defined. * * *"

"The member shall have the right to engage the services of any regularly licensed physician or surgeon who is a member of the American Medical Association and/or the American College of Surgeons, or any other duly licensed physician or surgeon in the United States, Canada or other foreign country; provided that *the physician or surgeon selected is acceptable to the Association.* * * * the Association may, in its discretion, engage a specialist and/or other physician or surgeon to associate with, or act in consultation with the physician or surgeon engaged by the member, if in the judgment of the Association the member would be benefited thereby."

"Operations where, after proper diagnosis, the member's condition clearly indicates the need of surgery.

"*Consultation before operations,* * *

"* * * The Association *will not assume charge of a general* Practitioner where the member's condition clearly indicates a need of a specialist and where the services of a specialist are available."

"One of the purposes of this contract is to protect the member against dangers resulting from *ill-advised and unnecessary operations.* Therefore, the member, before submitting to a surgical operation, shall furnish to the Association the name of the attending surgeon and *a statement by said surgeon giving history, laboratory findings and diagnosis of the condition for which the operation is recommended,* and upon request by the Association, the member *shall submit to consultation* by a physician or surgeon to be named by the Association, and to such further examination as the consulting physician or surgeon shall require. * * *"

"The Association *may reject any physician or surgeon* who fails or refuses to furnish information required of the member under this contract or any physician or surgeon who refuses consultation or who undertakes surgery or other special work he *is not qualified to perform* or who, for any other cause, is not acceptable to the Association."

"The Association shall not assume charges for daily dressings or daily calls or visits unless the member's *con-*

dition clearly indicates the need for same, and the Association shall not assume the expense of *unnecessary or excessive* x-rays, laboratory tests or other examinations, or of any other excessive or unnecessary services and care of the member."

4566 "The Association will pay, for medical and surgical care, examinations and related services, fees congruous to the income of persons earning up to Twelve Hundred (1200.00) Dollars per year or of other persons in like circumstances, but not in excess of fees established by the Association as maximum fees to be paid under this contract and which shall be subject to changes from time to time to meet changing conditions."

The member's receipt form provides: "The National Hospital Association will accept bills from doctors and hospitals, for medical, surgical and hospital care of the member, subject to the provisions and conditions of the member's contract; provided that the *doctor engaged shall be qualified in the treatment of the particular condition and is acceptable to the Association* * * *."

"Before submitting to a surgical operation or to any special examination or treatment, the member shall notify the Association, in writing, and shall request the attending doctor to furnish the Association with a report of the member's condition for which the operation or special examination or treatment is recommended, including history, laboratory and diagnostics findings, and such other information as the Association shall require—emergencies being excepted. *Doctors who refuse consultation or who fail or refuse to furnish the required information are not acceptable to the Association.*"

"The Association will accept the charges of doctors and hospitals up to the fees provided for in the member's contract, but it will not recognize charges *for unnecessary examinations or treatments* or for x-ray films which are not diagnostic. Bills for daily dressings, calls or visits, will be assumed only where the member's condition clearly indicates the need for same."

DUTIES OF ASSISTANT TO THE EXECUTIVE SECRETARY OUTLINED

Mr. John R. Caughell has been employed as assistant to the executive secretary in connection with the activities of the Bureau of Medical Economics. The following is an outline of the duties of this office:

1. Establish files under proper subject classifications so that requests for information may be promptly complied with.

2. Visit each approved local medical service bureau for the following purposes:

a. To obtain as complete information as possible concerning (1) forms of contracts, (2) premiums charged, (3) number of subscribers, (4) number of subscribers covered by other plans, (5) potential number of subscribers, and other pertinent information.

b. To ascertain the obstacles that prevent acceptance of the plan by eligible groups of subscribers not now under the plan and solicit suggestions as to ways in which the Bureau of Medical Economics can assist in overcoming these obstacles.

c. To solicit suggestions as to other ways in which the Bureau of Medical Economics can serve them.

3. Prepare a report of the data obtained from this survey and supply it to each approved local medical service bureau.

4. Send a letter to each of the larger industrial employers in the state who have employees in the low-wage brackets, explaining the Society's program, enclosing an explanatory pamphlet, and inviting his interest and further inquiry; refer these inquiries to the approved local medical service bureau serving the district in which the employer is operating, except that direct contact be established with such employers who are carrying on operations in more than one district.

5. Interview the president and secretary of each component society explaining the Society's program and leaving with them material on the medical care of low-income groups and other phases of medical economics published by the Society and the American Medical Association.

6. Interview as many other physicians as possible explaining the Society's program and soliciting them to cooperate with the approved local medical service bureaus in serving traveling subscribers under the conditions set forth in Method of Payment and Fee Schedule to be Applied in Providing Medical Care to Low-Wage Industrial Groups adopted by the Council.

FEE SCHEDULE APPROVED

In keeping with the established policy of the Oregon State Medical Society to provide for organization by local societies of special plans for giving medical care to industrial workers was the adoption of a fee schedule. Such a schedule was drawn up by the Council of the Oregon State Medical Society and mailed to each member of the society with a request that he indicate in writing his agreement to render service according to this schedule. The purpose of this fee schedule is to make provision for those subscribers to approved medical service bureaus who are frequently away from the communities served by those bureaus. Such subscribers are employed by truck lines, oil companies, road contractors and other employers whose operations are not confined to a single locality. Such services are limited to emergency care except upon special authorization and obviously apply only to physicians who reside outside the jurisdiction of approved medical service bureaus.

BUREAU OF MEDICAL ECONOMICS

The above fee schedule, while drawn up by the Bureau of Medical Economics and passed by them, is fundamentally an action of the Oregon State Medical Society, acting in its supervisory capacity.

The Bureau of Medical Economics announces the following services which are available to component societies and their approved medical service bureaus:

1. Surveying the problem of providing medical care to low-wage groups in local communities and assisting component societies in organizing plans of prepaid medical service.

2. Assisting in establishing reciprocal relationships among all the local bureaus.

3. Assisting in setting up plans under which existing local bureaus can serve adjoining counties.

4. Obtaining the cooperation of physicians throughout the state in making their services available to all the local bureaus and providing lists of cooperating physicians.

5. Assisting in the adjustment of misunderstandings between local bureaus and between local bureaus and individual physicians.

6. Providing, on an actual-cost basis, pamphlets outlining the services available through the approved local medical service bureaus.

7. Assisting local bureaus by presenting the plan to employers and groups of employees, particularly those engaged in operations on a large scale and on a statewide or partial statewide basis.

8. Supplying actuarial data on the costs of rendering service to various types of employed groups, based upon the experience of all the local bureaus.

9. Offering counsel concerning the most advantageous methods of purchasing supplies.

10. Making available to local bureaus and members of component societies a stabilized plan of liability insurance.

11. Disseminating information among physicians concerning factors which increase the costs of providing service; as for example, the markedly higher cost of proprietary drugs and preparations as compared with the cost of drugs and preparations prescribed according to the U. S. Pharmacopeia and the National Formulary.

(This exhibit is part of the March 1940 issue of *Northwest Medicine.*

Plaintiff's Exhibit 342

4567 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

Special Meeting of August 6, 1938

A special meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, August 6th, at 12:15 P.M. The following members of the Council were present: Charles T. Sweeney, Charles E. Sears, W. W. Baum, Dean P. Crowell, W. F. Hollenbeck, Morris L. Bridgeman, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, Charles E. Hunt, E. D. Lamb, Thompson Coberth, L. S. Kent, Ralph A. Fenton, and John H. Fitzgibbon.

George E. Henton, Wilson Johnston, Neil Black, Medical Consultant to the State Relief Committee, and the Executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of June 24th and

to adopt the minutes in the form in which they had been previously mailed to the members of the Council.

The July bills were read and approved.

Dr. Bridgeman, Chairman of the Committee on Scientific Work, outlined the program for the annual session. Upon motion duly made and seconded, it was voted that the program be approved and the Committee complimented on its excellence.

* * * * * * *

4668 2. Voted to recommend to the Council the adoption of a plan for the medical care of relief clients developed by the Medical Advisory Committee to the State Relief Committee.

Dr. Martzloff, as a member of the Medical Advisory Committee to the State Relief Committee, suggested that Dr. Black, Medical Consultant to the State Relief Committee, who had worked out the plan in cooperation with the Society's committee, be called upon to discuss the problems of providing medical care to relief clients and the nature and purposes of the proposed plan. President Sweeney then called upon Dr. Black.

Dr. Black stated that the plan was not the product of his own thinking, but of the three capable members of the Society's Medical Advisory Committee. He stated that methods of providing medical care to relief clients which had existed in many parts of the state were unsatisfactory. He stated that medical relief in many counties had been under the direction of social workers who had been practicing medicine on a wholesale scale in that they were passing judgment on medical matters. He stated that one of the primary objectives of the proposed plan was to return the control of medical relief to the medical profession. He stated that the question of fees was always a controversial subject, but that the county funds available for relief would not permit a profit to the individuals and agencies rendering medical service to relief clients. He stated that every effort would be made to pay for the actual cost of these services. He stated that the two objectives which the State Relief Administration would constantly keep in mind were the retention of the control of the administration of medical relief in the hands of the medical profession, and on the other hand to seek the continuous advice of the medical profession in connection with the medical relief program.

Dr. Fitzgibbon stated that the federal government would doubtless take some action at the next session of Congress to set up a plan for the medical care of the indigent and that it was important that the statement of policy and program under consideration indicate clearly that the medical profession is agreeing to render services to relief clients at fees for compensation far below customary minimum fees and that it is doing so as a charitable contribution.

It was pointed out that the following provision in this regard was included in the opening paragraph of the Statement of Policy and Program: "The remuneration herein provided for physicians and surgeons, and dentists is based upon a generous discount from customary fees. This discount is offered by the profession as a gratuitous contribution to the welfare of their state and community. The schedule of compensation, therefore, shall not be construed as representing the value of the medical and dental service rendered nor as establishing the charges for similar services in ordinary practice." Upon motion duly made and seconded, it was voted that this provision be inserted at the beginning of the Physicians and Surgeons Maximum Fee Schedule. Upon motion duly made and seconded, it was voted that the proposed Statement of Policy and Program for the medical care of relief clients be approved as amended.

4569 President Sweeney called upon Dr. Coberth, Chairman of the Committee on Medical Economics, for any additional report the Committee might have to make.

Dr. Coberth stated that the Committee had not met since the mid-year meeting of the House of Delegates on June 25th. He stated that he was not sold on the incorporation of the Oregon State Medical Society for the purpose of engaging in contract practice unless such action were necessary. He stated that the Committee was convinced that such a step was necessary because of the problems presented by physicians outside of organized medicine. He stated that the society must take some definite stand toward contract practice and that it could not sidestep this problem any longer.

Dr. Crowell stated that a meeting of representatives of all the physician-owned associations in the state had been held two weeks ago at Eugene. He stated that there had been no attempt to undermine the Council or its work, but was a serious business attempt to inprove on the pro-

cedures of the various associations. He stated that the object was to establish a state-wide business organization for the purpose of developing uniform contracts, ethical methods and meeting similar common problems. He stated that representatives of the doctor-owned associations planned to hold another meeting on Saturday, August 13th, to draw up plans for affiliating the several associations. He stated that if such affiliation were effected, the Oregon State Medical Society would then have only a single organization of affiliated associations with which to deal. He stated that he did not believe that the Society would vote to enter into contract practice this year and that for this reason, the doctor-owned associations were developing this plan of affiliation.

Dr. Sears stated that he was profoundly impressed with the attitude and absence of tension among the members of the Council at this meeting. He stated that he believed it would be a long time before socialization of the medical profession were effected. He stated that the medical profession had not been vocal in opposing the apparent trend to regiment its members, but that it was evident that physicians were now aroused.

He stated that the Committee on Medical Economics had made great progress in dealing with the problem of contract practice and that progress had also been made prior to the activities of the Committee. He stated that the plan proposed by the Committee that the Oregon State Medical Society organize a state-wide corporation to engage in contract practice was ideal in some respects, in that the plan would cover the entire state and would compel physicians of the state to get together and put pressure on them to take an interest in their common problems.

He stated that the plan had disadvantages, however, in that it would create a separate organization within the Society and definitely commit it to a path upon which it would find it difficult to retrace its steps if it developed that a mistake had been made.

4570 He stated that out of conversation with a number of the members of the Council and with many members of the Society over the state, he had attempted to put together a Statement of Policy and Program for the Medical Care of Low-Wage Industrial Groups. He then read the statement.

Dr. Crowell stated that Dr. Sears was to be congratulated on the painful efforts required to develop this statement. He stated that it had been his thought that the

Society should not directly operate a plan of contract practice, but should provide counsel to local organizations which desire to operate plans of contract practice.

Dr. Baum stated that he had advocated the state-wide plan because it appeared to be the only means by which certain objectives could be accomplished. He stated that the Society must protect those physicians who do not wish to engage in contract practice and that any plan which might be developed should include all members of the Society irrespective of whether they render service under the plan or not. He stated that otherwise any organization established for this purpose would be an organization of contract physicians only.

Dr. Lamb stated that he had been a member of the original Committee on Medical Economics, but that his associates in practice had been away a great deal during the past year and it had been necessary for him to remain at work, for which reason he had been compelled to resign from the committee. He stated that the plan outlined by Dr. Sears made no provision for contracts to cover employees of the State Highway Commission, road contractors, dredging companies, and other organizations operating on a statewide basis. He stated that no local organization was large enough to undertake such contracts. He stated that at first he had been opposed to any plan which would require the Oregon State Medical Society to engage in contract practice and that the only reason he had agreed to such a plan was to meet the problem of statewide contracts.

Dr. Coberth stated that all the members of the Committee on Medical Economics, except one, felt that the committee had not developed a solution to the problem of contract practice. He stated that the Committee did agree that some definite action must be taken now, that machinery must be set up to enable the Council to control individual physicians and see that they abide by established policy, and that the Oregon State Medical Society should not adopt the policy of the Multnomah County Medical Society of disciplining members who accept patients from commercial hospital association, until it is in a position to offer some plan.

Dr. Martzloff stated that the discipline of members for violations of the Principles of Medical Ethics was primarily a function of the local societies and that the Multnomah County Medical Society had voted by an overwhelming majority on three occasions to enforce the

Principles of Medical Ethics. He stated that he believed it was a mistake for any member outside of Multnomah County to attempt to interpret the local situation there, as it would be for a Portland member to try to interpret the situation in any outside community.

4571 Upon motion duly made and seconded, it was voted that the proposal of the Committee on Medical Economics that the Oregon State Medical Society organized a statewide corporation to engage in contract practice be not recommended to the House of Delegates, but that the substitute plan outlined at this meeting be approved and recommended to the House of Delegates, and that a copy of the substitute plan be sent to the officers of all the component societies as soon as possible.

Dr. Sears stated that the substitute plan was not original and that it was based upon the work of the Committee on Medical Economics. He stated that the substitute plan merely represented an attempt to work out something which would incur less criticism from the medical profession as a whole.

Dr. Lamb stated that Mr. Harry Boivin, former Speaker of the House of Representatives, had advised that the Oregon State Medical Society develop some constructive plan for the medical care of the low-wage earner, in view of the pressure for legislation on this subject at the 1937 session of the State Legislature, and that the likelihood that the passage of some undesirable legislation might be attempted at the 1939 session. Dr. Lamb stated that Mr. Boivin had offered to assist the medical profession in dealing with such measures. Dr. Lamb emphasized the importance of contacting candidates for the State Legislature on this and other medical problems which seem likely to be before the coming session, in order to obtain first-hand information concerning their attitude, and stated that these contacts should be made in advance of the November election.

There being no further business, the meeting was adjourned.

MORRIS L. BRIDGEMAN
Secretary

Plaintiff's Exhibit 343

4573 MINUTES

January 13, 1940

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, January 13th, at 12:30 P.M.

The following members of the Council were present: Charles E. Hunt, Charles E. Sears, George E. Henton, F. K. Power, Morris L. Bridgeman, Ralph A. Fenton, John H. Fitzgibbon, Earl M. Anderson, G. H. Strickland, W. W. Baum, E. R. Durno, C. W. McCain, and C. T. Hockett.

J. C. Hayes, Charles P Wilson, Richard B. Adams, John J. Coughlin legal counsel, the executive secretary, and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of December 3rd and to adopt them in the form in which they had been previously mailed to the members.

The following bills for December were read and approved:

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A letter from the Yamhill County Medical Society and an accompanying resolution which had been adopted by that Society on January 2nd were read. The resolution provided that the members of the Yamhill County Medical Society would furnish medical care to Farm Security Administration clients housed in the Migratory Farm Labor Camp in Yamhill County and that they would agree to be compensated on the basis of a fee schedule to be agreed upon by the Oregon State Medical Society and the Farm Security Administration. Upon motion duly made and seconded, it was voted that the letter and resolution be referred to the Committee on Charitable Medical Care.

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President Hunt announced that he had received a request from Mr. C. C. Bechtold, General Manager of the National Hospital Association, that he be permitted to present to the Council the Association's new plan of medical and hospital contracts and that the Executive Committee voted to grant this request. Dr. Hunt stated that Mr. Bechtold was waiting in the lobby and could now be heard.

Mr. Bechtold then presented a detailed statement of the new medical and hospital contracts of the National Hospital Association.

President Hunt called for the report of the Executive Committee. The executive secretary reported the following actions of the committee:

1. Authorized the employment of the W. S. Kirkpatrick Advertising Service, at a fee not to exceed $100.00, to assist in preparing a pamphlet outlining the services available to low-wage groups through the approved local medical service bureaus.

Upon motion duly made and seconded, it was voted that this action be approved.

2. Voted to recommend to the Council that a committee be created to cooperate with the Jurisprudence Committee of the Oregon Casualty Adjusters' Association in adjusting disputes arising between physicians and health and accident insurance companies.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

3. Voted to recommend to the Council that Mr. John R. Caughell be employed as assistant to the executive secretary in connection with the Bureau of Medical Economics on the basis of a salary of $175.00 per month.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

Upon motion duly made and seconded, it was voted that the President appoint a committee to supervise the activities of the assistant to the executive secretary. President Hunt announced the appointment of the following committee: J. Everett Buckley, Chairman; Charles E. Sears, and George E. Henton.

4576 4. Voted to recommend to the Council that it recommend to Governor Charles A. Sprague that Dr. C. C. Newcastle of Portland be reappointed to the State Board of Medical Examiners for the five year term beginning February 28, 1940, and that it recommend Dr. John R. Montague of Portland and Dr. E. R. Durno of Medford for the consideration of the Governor in this connection, in the event that he does not reappoint Dr. Newcastle.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

5. Voted to recommend to the Council that it adopt the following policy with respect to special plans of medical care:

WHEREAS, the House of Delegates of the Oregon State Medical Society, on August 25th, 1938, adopted a Policy and Program for the Medical Care of Low-Wage Industrial Groups, under which local plans for the care of such groups may be approved by the local societies and the Council of the Oregon State Medical Society, and such approved local plans now are serving approximately 30,000 employees in 16 counties, including a majority of the industrial centers of the state; and

WHEREAS, as an additional means of obtaining a better distribution of the costs of medical care, the American Medical Association and the Oregon State Medical Society have approved the principle of hospital service insurance as embodied in plans organized and operated by the hospitals on a non-profit basis; and

WHEREAS, the American Medical Association and the Oregon State Medical Society have also approved voluntary indemnity insurance plans, which are the best of the plans devised to obtain a better distribution of the costs of medical care; (voluntary indemnity insurance plans may be defined as plans operated by a true insurance company governing health and accident insurance, wherein the function of the company is restricted *solely to reimbursing the insured* for expenses incurred for medical and hospital services covered by its policy, as distinguished from plans operated under the hospital association law wherein the hospital associations operating the plans contract to furnish medical care to subscribers under conditions prescribed by these associations.) and

WHEREAS, the Oregon State Medical Society may be requested to approve various other types of special plans;

NOW THEREFORE, the Council of the Oregon State Medical Society hereby adopts the following policy to be applied in considering for approval special plans other than local medical service plans having the approval

of the respective local societies, hospital service insurance plans, and voluntary indemnity insurance plans;

1. The sponsors of such other special plans should apply to the Council for approval and should not importune local societies or individual members of the Society for their approval without first applying for and obtaining the approval of the Council.

4577 2. The sponsors of such plans must establish that their plans are organized and conducted in accordance with the best interests of the public, the policies of the Oregon State Medical Society, and the Principles of Medical Ethics.

3. The sponsors of such plans must establish clearly that their plans observe the following principles:

(a) All physicians practicing ethical medicine in their respective communities must be eligible to perform service and the agency conducting the plan must not have the power to arbitrarily exclude any physician from eligibility.

(b) Opportunity to practice medicine and surgery without a license must not exist or be inherent in the plan; as for example, the agency conducting the plan most not have power to determine whether an operation or other procedure is justified, when the physician employed by the subscriber deems such procedure advisable.

(c) The physician selected by the subscriber must be responsible solely to his patient and not to a third person, who can directly or indirectly terminate the physician's services because of his failure to satisfy such third person as to the efficacy of his service.

(d) The agency conducting the plan must not give the public the mistaken impression that it will pay all medical and surgical bills of the subscribers, when, as a matter of fact, the conditions and limitations of the contract are so numerous and physicians' fee schedules so low as to make such payment impossible.

(e) The agency conducting the plan must not attempt to sell physicians' services without their permission and without consulting them.

(f) The plan must not contain any other features not in the best interests of the public.

4. It is contrary to the best interests of the public and the medical profession for members of the Oregon State Medical Society or its component societies to associate themselves, directly or indirectly, with any special plan of medical care which has not been submitted to and approved by the Council.

5. The Secretary is instructed to transmit a copy of this resolution to each member of the Society.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

6. Voted to recommend the adoption by the Council of the following policy with respect to the ethical relationships of members in serving subscribers of unapproved hospital associations and similar organizations:

4578 1. The following conduct of physicians may be regarded by the disciplinary bodies of the local medical societies as some evidence of association with unapproved organizations or organizations engaged in unethical practices:

(a) Accepting tickets of such organizations.

(b) Billing such organizations directly.

(c) Accepting payment directly on the organization's fee schedule, including accepting checks from such organizations, or checks of such organizations endorsed by the patient.

(d) Rendering reports to such associations concerning conditions of the physician's patient.

(e) Becoming one of a limited panel of physicians at the call of such organizations.

(f) Any other conduct indicating association with such organizations.

2. Merely performing medical service for a patient who happens to be covered by a contract of an unap-

proved hospital association or similar organization is not in itself sufficient evidence of association of physicians with such associations or organizations, provided the entire dealing and conduct of the physician shows the normal relationship of physician and patient.

3. Such organizations employ methods which are not in the best interests of the public and the medical profession in that:

(a) They interject a third party between the patient and his physician and attempt to control the nature and extent of the physician's services to the patient.

(b) They attempt to control the compensation of the physician which should always be determined by the patient and his physician, keeping in mind the patient's ability to pay.

(c) They reap a profit from the physician's services, at the expense of the patient.

(d) They seek to gain control over the medical profession. Domination of the medical profession by commercial corporations is probably more detrimental to the public welfare and the medical profession than regimentation by the government. Due largely to the efforts of organized medicine, efforts to promote the federal control of medical practice have suffered severe setbacks during the last year. Public opinion is turning toward the medical profession and the present system of private practice. These gains will be nullified if commercial corporations obtain domination over medical practice.

4579 Upon motion duly made and seconded, it was voted that this recommendation be adopted.

7. Voted to recommend to the Council that reprints of Dr. W. W. Baum's article on the medical care of low-income groups in Oregon be obtained from "Northwest Medicine" and mailed to all the physicians in the state.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

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There was discussion concerning the procedure to be used in handling receipts and disbursements of the Bureau of Medical Economics. Upon motion duly made and seconded, it was voted that a separate bank account be opened in the name of the "Bureau of Medical Economics of the Oregon State Medical Society" and that separate financial records be kept for the Bureau.

Dr. Hayes read a proposed announcement which the physicians of Jackson County had under consideration for publication in the local newspapers. The announcement stated that the Southern Oregon Medical Service Association was the only agency authorized to offer their services on a prepaid basis and suggested that persons considering other plans of prepaid medical service consult with their physicians to ascertain whether their services would be available under such other plans. Dr. Power suggested that the physicians in other counties publish a similar announcement in their local newspapers. It was concluded that, if and when the physicians of Jackson County publish such an announcement, the announcement should be supplied to the physicians of other counties without comment. It was further pointed out that each such announcement should be carefully adapted to the circumstances existing in the particular county.

Various members of the Council expressed approval of the recent changes in the format of "Northwest Medicine". Upon motion duly made and seconded, it was voted that a letter be written to Dr. Clarence A. Smith, the editor, expressing approval of this improvement.

There being no further business, the meeting was adjourned.

MORRIS L. BRIDGEMAN
Secretary

Plaintiff's Exhibit 344

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4581 ORGANIZATION ACTIVITIES

The Council of Oregon State Medical Society met in Portland March 9 at an evening session. The Executive Committee met during the afternoon preceding the Council meeting. A number of important items were discussed during the total elapsed time of eight hours for both meetings.

One of the major actions was final approval of the pamphlet drawn up by the Bureau of Medical Economics,

entitled "Medical and Related Services on a Budget Plan for Employed Groups in Oregon." This pamphlet contains information for employers and employees and is available through the Medical Service Bureaus of Oregon which have been approved by and become affiliated with the Bureau of Medical Economics of Oregon State Medical Society.

These pamphlets are primarily designed for the use of the local bureaus in presenting their plans of medical service to employers and committees representing employees. The pamphlets are available to the local bureaus on the actual cost basis of nine cents each.

Physicians are requested to study the pamphlet carefully and lend their cooperation in carrying out the program of the State Society in the following ways:

1. By explaining the program to employers and employees when they ask for information.

2. By discussing the program with the editors of local newspapers. This can best be done by his personal physician.

3. By agreeing to render service to subscribers of approved local medical service bureaus when these subscribers are away from their home communities. Sometime ago, a communication was sent setting forth the conditions and fee schedule governing such services and a form to be returned indicating willingness to cooperate.

To further publicize the work being done by the Bureau of Medical Economics for its affiliated Medical Service Bureaus, each newspaper editor in the state has been sent the statement of "Objectives of the Oregon State
4582 Medical Society" and "Platform of the American Medical Association." Each editor has also received the above mentioned pamphlet entitled "Medical and Related Services on a Budget Plan." It is explained to the editors that in the organization and operation of these approved local medical service bureaus, certain fundamental principles essential to good medical service are observed. No third person is permitted to come between the patient and his physician and dictate less extensive diagnosis and treatment than the physician believes is in the best interests of the patient. Moreover, the patient retains his right to choose his physician from all those who desire to render service under the plan.

Mr. John Caughell reported to the Council on his recent survey of the medical service bureau of the Coast region.

He is planning to contact the other medical service bureaus of the state and will submit his findings and recommendations to the Council at a later date. The other topics that were discussed have not been developed to a point where they can be presented intelligently at this time.

The following suggested methods for disseminating information concerning the activities of the Society were approved and the Executive Committee was requested to take steps to put them into effect:

1. Have the secretaries of the component medical societies read excerpts from the Oregon Section of NORTHWEST MEDICINE, paying particular attention to the organization activities and to the objectives of the Society.

2. Have Council members discuss the activities of the Council at regular meetings of their component societies.

3. Have the delegates to the Oregon State Medical Society discuss the problems of postgraduate education and public relations before their component societies.

4. Delegate one or more councilors to appear on the program of the component societies to discuss postgraduate education and public relations.

5. Request secretaries of component societies to read and interpret important news releases from the Society headquarters, these to be read before regular meetings.

6. Bring up for detailed discussion before component societies, the policies and activities of the Oregon State Medical Society as put forth in the paid advertisement which was drawn up by the Committee on Public Relations of the Oregon State Medical Society.

7. Redefine or explain in more detail the policies and activities as condensed in this release from the Committee on Public Relations.

8. Have regular releases to the secretaries of the component societies, such as the recent statement of policy of the Oregon State Medical Society regardng hospital associations and related plans for medical care.

9. Start planning the exhibits for the State Fair and County Fairs.

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(This exhibit is part of the April 1940 issue of *Northwest Medicine*.)

Plaintiff's Exhibit 345

4583 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

June 1, 1940

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, June 1st, at 6:30 P.M.

The following members of the Council were present: Charles E. Hunt, Charles E. Sears, Karl H. Martzloff, George E. Henton, Morris L. Bridgeman, J. Everett Buckley, W. W. Baum, G. H. Strickland, R. W. Hemingway, John H. Fitzgibbon, and L. S. Kent.

Earl M. Anderson, Samuel D. Allison, Thompson Coberth, James C. Hayes, John Besson, W. H. Bueermann, A. H. Huycke, Richard Adams, John J. Coughlin, legal counsel, and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of May 11th and to adopt them in the form in which they had previously been mailed to the members.

Bills for May were read and approved.

President Hunt called for the report of the Committee on Public Policy. John J. Coughlin, legal counsel, reported for the Committee, offering the following resolutions for the consideration of the Council:

(Insert resolutions 1, 2, and 3)

Mr. Coughlin discussed each of these resolutions briefly, pointing out the reasons for the desirability of their adoption. Samuel D. Allison, representing the State Board of Health, also discussed these matters.

Upon motion duly made and seconded, it was voted that each resolution be adopted.

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President Hunt called upon Dr. Coberth for a discussion of medical aid contracts by the State Industrial Accident Commission.

Dr. Coberth stated that he, personally, had had no experience with these contracts but some doctors in the Mid-Columbia Medical Society had. He asked for an expression from men from other parts of the state as to

their experience with medical aid contracts of the State Industrial Accident Commission and suggested that an attempt to be made to learn if the problem is of sufficient importance to ify the Society's taking steps to correct it.

Dr. Hayes stated that he had treated a patient whose firm carried a full-coverage contract with the National Hospital Association. He stated that the State Industrial Accident Commission refused to pay the fee for his services because the employer was covered by a full-coverage contract by the National Hospital Association and he refused to accept money from the National Hospital Association; therefore, the fee remained unpaid.

Dr. Henton suggested that the State Industrial Accident Commission be requested to discontinue sub-letting of such contracts.

Dr. Bueermann stated that the Multnomah Medical Service Bureau had been contacted by Mr. Bechtold of the National Hospital Association, and asked to join with the lay-owned hospital associations in refusing to take any of these sub-contracts.

Dr. Coberth suggested that the matter be taken before the State Legislature for correction.

Dr. Martzloff stated that he felt the Liaison Committee to the State Industrial Accident Commission might intervene.

Dr. Coberth stated that the difficulty is not with the Commission, but with the employers.

Mrs. Coughlin suggested that the Commission be requested to cooperate with the Society in changing legislation or to, at least, not oppose such legislation.

4585 Upon motion duly made and seconded, it was voted that the Committee on Public Policy be instructed to take proper steps toward legislation to change the laws regarding sub-letting of contracts by the State Industrial Accident Commission.

President Hunt called for a report of the Executive Committee. Mr. Caughell, assistant to the executive secretary, reported the following actions:

1. Voted to recommend that the Council adopt the following basic policies regarding postgraduate education:

(Insert resolution)

Upon motion duly made and seconded, it was voted that this resolution be adopted.

2. Voted to recommend that the Council adopt the following resolution regarding certain undesirable practices of insurance companies:

(Insert resolution)

Upon motion duly made and seconded, it was voted that this resolution be adopted.

A letter from the Coos-Bay Hospital Association was read. In the letter, the request was made that the Coos-Bay Hospital Association be approved by the Council as an agency to administer a plan of prepaid medical care to low-wage industrial groups in the territory embraced by the Coos and Curry Counties Medical Society, and that Dr. Dean P. Crowell be recognized as the representative of the Coos Bay Hospital Association in the Bureau of Medical Economics. Upon motion duly made and seconded, it was voted that the Coos Bay Hospital Association be approved as an agency to administer a plan of prepaid medical care to low-wage industrial groups in the territory embraced by the Coos and Curry Counties Medical Society and that Dr. Dean P. Crowell be recognized as the representative of the Coos Bay Hospital Association in the Bureau of Medical Economics.

A letter from the Central Oregon Medical Society was read. In the letter, the request was made that the
4586 Council authorize the Multnomah Medical Service Bureau to extend its activities to the territory embraced by the Central Oregon Medical Society. Upon motion duly made and seconded, it was voted that the Multnomah Medical Service Bureau be authorized to extend its services to the territory embraced by the Central Oregon Medical Society.

Dr. Henton made a brief report of a meeting of the Central Oregon Medical Society, attended by himself and John R. Caughell, at which time the matter of the Multnomah Medical Service Bureau extending its activities to the territory of that Society was discussed.

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A letter from "The Nation's Business" was read. This letter called attention to the article, "The Case For Private Medicine", which appeared in the May issue of the magazine. It was suggested that the Society might find it advantageous to mail reprints of this article to its members. Upon motion duly made and seconded, it was voted that reprints of the article, "The Case for Private Medicine",

be mailed to the editors of weekly and daily newspapers of the state.

President Hunt called upon Mr. Caughell for a report of recent activities of the Bureau of Medical Economics.

Mr. Caughell reported that the Tillamook Hospital Association has recently affiliated with the Physicians and Surgeons Hospital of Salem. He also reported that the Coos Bay Hospital Association has been reorganized and and that all members of the Coos and Curry Coun-
4587 ties Medical Society are now members of the Association on an equal basis.

President Hunt called upon Dr. Henton, Chairman of the committee recently appointed to attempt to take over the Industrial Hospital Association to be operated by approved local associations.

Dr. Henton stated that he had contacted Dr. Chester Moore and had met with him once and talked with him by telephone on other occasions. He stated that they had discussed the matter but as yet, he had no definite recommendations to make on the question.

Dr. Baum, also of this committee, stated that he had talked with Dr. Moore before coming to the meeting. He stated that there were two things to keep in mind in connection with this matter; (1) that the Industrial Hospital Association, as a group of men, do not care for the Multnomah Medical Service Bureau, and (2) that the Industrial Hospital Association, as a group of men, do not care for some members of the Multnomah County Medical Society. He stated that whether it is going to be possible for any agency to take over the Industrial Hospital Association is a question. He stated that he thought the Committee should continue its efforts in this direction however. He pointed out that it would be necessary to continue the Industrial Hospital Association under its present management for some time, even though it might be taken over by approved local medical service bureaus. He suggested that Mr. Caughell be authorized to assist the committee in this work.

Dr. Henton suggested that Dr. L. M. Spalding of Astoria be added to the committee.

Dr. Hunt announced that he would appoint Dr. Spalding to serve on this committee and requested Mr. Caughell to assist the committee in any way possible.

At this point Dr. Hunt and Dr. Sears were asked to leave the room for an interval, and Dr. Henton took the Chair during the absence of the President. Dr. Bridgeman

suggested that it become a policy of the Society that a suitable gift be selected each year and presented to the retiring president at the annual meeting, and that this practice begin with Dr. Sears. Upon motion duly
4588 made and seconded, it was voted that a suitable gift be selectd each year for the retiring president, the cost to be $50.00, and this gift presented at the annual meeting; further that this practice begin with Dr. Sears, retiring president for the year 1939. Dr. Bridgeman was appointed to select the gifts for Dr. Sears and Dr. Hunt.

There being no further business, the meeting was adjourned.

MORRIS L. BRIDGEMAN
Secretary

President Hunt announced that the Council would adjourn during the months of July and August and no meetings would be held unless some urgent matter arises, in which case a special meeting will be called.

Plaintiff's Exhibit 346

4589 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

April 11, 1942

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, April 11th, at 6:30 P.M.

The following members of the Council were present:

W. W. Baum, George E. Henton, Thompson Coberth, Raymond M. McKeown, John R. Montague, John H. Fitzgibbon, E. H. McLean, L. M. Spalding, E. R. Durno, R. W. Hemingway, C. W. McCain, and L. S. Kent.

Charles P. Wilson, Editor of the Oregon Section of "Northwest Medicine"; Wilson Johnston, State Chairman of the Procurement and Assignment Service for Physicians; Verden E. Hockett, State Medical Officer of the Selective Service System; J. F. Belz, Director of the Division of Maternal and Child Health of the Oregon State Board of Health; E. E. Gambee, Willard C. Marshall, the executive secretary, and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of March 7th

and to adopt them in the form in which they had previously been mailed to the members.

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Plaintiff's Exhibit 347

4590 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

November 7, 1942

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, November 7th, at 6:30 P.M.

The following members of the Council were present: George E. Henton, Thompson Coberth, E. H. Melsean, Raymond M. McKeown, John R. Montague, Thomas D. Robertson, Ralph A. Fenton, John H. Fitzgibbon, Stanley Lamb, John Besson, L. M. Spalding, Henry Garnjobst, B. R. Shoemaker, R. W. Hemingway, C. W. McCain, and L. S. Kent.

Rachel Carleton Sparks, Editor of the Oregon Section of "Northwest Medicine"; Wilson Johnston, State Advisory Chairman to the Procurement and Assignment Service for Physicians; J. M. Odell, Superintendent of the Eastern Oregon Tuberculosis Hospital; Frederick D. Stricker, State Health Officer; and Elizabeth Bishop, Baker County Health Officer, were also present.

The meeting was called to order by President George E. Henton.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 3rd and to adopt them in the form in which they had been supplied to the members.

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President Henton reported concerning the experience of the Oregon Physicians' Service during the first quarterly period under the contracts to provide prepaid medical service to employees of the Oregon Shipbuilding Corporation and the Kaiser Company, Incorporated, Swan Island Division. He stated that, when these contracts were under consideration, Edgar F. Kaiser, Vice-President and General Manager of the two companies, had said that he desired to have physicians well-paid for their services

and not less than on the basis of the fee schedule of the Oregon State Industrial Accident Commission. Dr. Henton stated that physicians had been paid for services rendered during the first-quarterly period on the basis of the fee schedule of the Commission, but that a new schedule had now been prepared and that it was hoped, in the future, to pay physicians according to this schedule, or at least on some reasonably equitable basis.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 348

4594 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 7, 1942

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, March 7th, at 6:30 P.M.

The following members of the Council were present:

W. W. Baum, George E. Henton, John R. Montague, Earl M. Anderson, E. H. McLean, Henry Garnjobst, and L. S. Kent.

E. E. Gambee, H. L. Blosser, A. O. Pitman, the executive secretary and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 7th, and to adopt them in the form in which they had previously been mailed to the members.

* * * * *

4595 * * * * *

Dr. Garnjobst reported concerning the progress he had made in endeavoring to adjust the disagreement between the Linn County Medical Society and the Eugene Clinic and Hospital, regarding a contract of the Clinic and Hospital to provide medical service to the employees of a logging company located at Sweet Home, in violation of the Recommended Policies and Procedures of the Bureau of Medical Economics.

* * * * *

Dr. Pitman, President of the Washington County Medical Society, reported that the Society had adopted the following resolution:

> RESOLVED, that the State Industrial Accident Commission be respectfully informed that since February 1, 1942 the individual doctors of Washington County have not accepted tickets of hospital associations other than those recommended by the Oregon State Medical Society.
>
> That as a result of this action the individual workmen of Washington County, who are under sub-contracts for industrial accidents are locally serviced only by osteopaths and chiropractors, or are forced to go to Portland for medical and surgical services.
>
> That we respectfully request the State Industrial Accident Commission to investigate whether such subcontracts are now satisfactory to the workmen and to the State Industrial Accident Commission.

4596

Upon motion duly made and seconded, it was voted that this resolution be referred to the Committee on State Industrial affairs, with instructions to take prompt and vigorous action with respect to the situation outlined therein.

The assistant to the executive secretary reported concerning the Conference on Medical Service Plans held in Chicago on February 14th.

Dr. McLean reported regarding the proposed reorganization of the Northwest Medical Publishing Association, publishers of "Northwest Medicine".

There being no further business, the meeting was adjourned.

JOHN R. MONTAGUE
Secretary

Plaintiff's Exhibit 349

4597 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

February 6, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, February 6th, at 6:30 P.M.

The following members of the Council were present: George E. Henton, E. H. McLean, John R. Montague, Thomas D. Robertson, John H. Fitzgibbon, John Besson, Stanley Lamb, Charles E. Sears, L. M. Spalding, Henry Garnjobst, and L. S. Kent.

Rachel Carleton Sparks, editor of the Oregon Section of "Northwest Medicine"; Richard B. Adams, Chairman of the Committee on Public Policy; Wilson Johnston, Chairman of the State Advisory Committee to the Procurement and Assignment Service for Physicians; Frederick D. Stricker, State Health Officer; Lorienne M. Conlee, executive secretary of the Oregon State Board of Medical Examiners; Willard C. Marshall, general manager of the Oregon Physicians' Service; and the executive secretary were also present.

The meeting was called to order by President George E. Henton.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 9th and to adopt them in the form in which they had been supplied to the members.

Bills for January were read and approved.

A letter from the Linn County Medical Society was read. In the letter, it was stated that the Linn County Society, at its November 1942 meeting, had voted that, if the Physicians and Surgeons Hospital Association of Salem, which had been operating in Linn County under previous authorization, merged with the Oregon Physicians' Service, the Society would continue its cooperative relationship. It was further stated that, since the merger on January 1, 1943, the Oregon Physicians' Service had been operating in Linn County with the full approval and cooperation of the Society.

President Henton reported that the term of H. L. Blosser of Portland as a member of the Oregon State Board of Medical Examiners would expire on February 28th. He stated that Governor Earl Snell had not yet asked for

recommendations in connection with this appointment, but suggested that the Council consider recommendations which could be transmitted to Governor Snell at a later date. Upon motion duly made and seconded, it was unanimously voted to recommend the reappointment of Dr. Blosser as a member of the Oregon State Board of Medical Examiners for the five-year term ending February 28, 1948.

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Plaintiff's Exhibit 350

4598 MINUTES

February 10, 1940

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, February 10th, at 12:30 P.M.

The following members of the Council were present: Charles E. Hunt, Charles E. Sears, Morris L. Bridgeman, George E. Henton, John H. Fitzgibbon, Guy L. Boyden, Earl M. Anderson, W. W. Baum, E. R. Durno, L. S. Kent, and C. W. McCain.

Charles P. Wilson, S. H. Sheldon, C. H. Manloye, Stanley Lamb, John J. Coughlin, legal counsel, the executive secretary, and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 13th and to adopt them in the form in which they had previously been mailed to the members.

Bills for the month of January were read and approved.

A letter from C. C. Newcastle, expressing his appreciation of the action of the Council in recommending his reappointment to the State Board of Medical Examiners, was read.

A letter from Mr. R. E. Jackson, Claim Supervisor of the State Industrial Accident Commission, was read. In the letter, Mr. Jackson requested that a member by appointed to the Liaison Committee of the Commission to fill the vacancy created by the death of Roy S. Stearns. President Hunt announced the appointment of W. W. Baum to fill this vacancy.

A letter from Mr. James P. Cooley, District Manager of the Eleventh United States Civil Service District, was

read. The letter was in answer to a communication addressed to him by the Society protesting against his action in fixing a fee of $2.00 for physical examinations of Civil Service Commission appointees and applicants. In the letter, Mr. Cooley stated that the Civil Service Commission has no right or desire to dictate fees, but that it is important that the appointees or applicants know the amount of the fee in advance. Upon motion duly made and seconded, it was voted that a minimum fee of $5.00 be recommended for this and similar examinations, the physician to make variations in this fee at his discretion, taking into account the individual's financial circumstances.

Dr. Manlove, Chairman of the Advisory Committee on Laboratory Standards to the State Board of Health, discussed the difficulties confronted by the committee in connection with the procedure for approving laboratories. He stated that a year ago, the committee had reached an agreement with the Board that an employee of the Board would gather information concerning each laboratory applying for approval and that this information would then be submitted to the committee for its consideration as a basis for a recommendation to the Board as to the approval or disapproval of the application. He stated that this procedure was not being followed and that an employee of the Board makes the inspections, determines whether a laboratory is to be approved or disapproved, and signs the certificate of approval.

Dr. Manlove stated that he had recently appeared at a meeting attended by some of the members of the Board and presented the following recommendations of the committee:

4599 The law providing for the registration, inspection and approval of laboratories is not specific with respect to the duties of the Advisory Committee appointed by the Oregon State Medical Society. However, the Board has the authority to define and has defined the functions of the committee and the procedue by which laboratories are to be approved.

The committee recommends that the Board adopt and pursue the following procedure in connection with the registration, inspection, and approval of laboratories:

1. That the Board instruct an employee to gather factual information regarding any laboratory which has applied for approval.

2. That this factual data be assembled by an employee of the Board.

3. That definite meetings of the committee be scheduled at which the committee shall review the factual data presented by the employee of the Board with respect to each laboratory.

4. That the committee study the factual data presented and recommend to the Board the approval or disapproval of any specific application. If the committee recommends disapproval, that the committee report to the Board the reasons for its recommendation of disapproval.

5. That the Board consider the recommendations of the committee in approving or disapproving any laboratory making application for approval.

6. That the certificate of approval issued to each approved laboratory be signed by the President and Secretary of the Board.

Dr. Manlove called attention to the recent attempt to organize the laboratory technicians of the state. He stated that this movement was in conflict with the program of the American Medical Association and the American Society of Clinical Pathologists under which a National Registry of Technicians has been established. Dr. Manlove expressed the opinion that the Society should take the position that the laboratory service rendered by clinical pathologists is a phase of the practice of medicine and hence within the scope of the Medical Practice Act and that laboratories operated by clinical pathologists should be exempt from the law requiring the registration of laboratories with the State Board of Health.

Upon motion duly made and seconded, it was voted that the Committee on Public Policy and the Advisory Committee on Laboratory Standards to the State Board of Health be authorized to cooperate with legal counsel in drafting, for submission at the 1941 State Legislature, an amendment to the laboratory registration law exempting laboratories operated by physicians.

President Hunt called for the report of the Executive Committee. The executive secretary reported the following actions of the committee:

4600 1. Voted to recommend to the Council that the following resolution with respect to the so-

called insurance policy of the C. H. Weston Company be adopted:

WHEREAS, the C. H. Weston Company has heretofore applied to the Executive Committee of the Council for its approval of a so-called insurance policy to provide benefits and payments for medical, surgical, and hospital services; and

WHEREAS, the Executive Committee has examined this insurance plan;

NOW THEREFORE, the Executive Committee hereby recommends to the Council:

1. That this insurance plan be not approved because it does not conform to the policies of the Oregon State Medical Society in that the plan purports to be a "medical indemnity insurance" plan, in spite of the fact that it is not organized under the health and accident insurance laws, but under the hospital association law.

2. That the Council do not approve the plan of any hospital association that is not owned and controlled by physicians who are members of their local society and the Oregon State Medical Society.

3. That the C. H. Weston Company be notified of this action of the Council.

Upon motion duly made and seconded, it was voted that this resolution be adopted.

2. Voted to adopt the following statement concerning the new medical and hospital contracts of the National Hospital Asspeiation and that a copy of this statement be sent to all the members of the Society on or about February 1st:-

I

Many members of the Oregon State Medical Society have inquired about the new hospital and medical security contracts of the National Hospital Association and have requested a statement of the attitude of the Oregon State Medical Society toward these contracts.

The National Hospital Association has not applied to the Oregon State Medical Society for approval of its old industrial contracts nor for its new individual or family contracts. The Oregon State Medical Society has not approved any of these contracts. A statement of some fundamental policies of the Oregon State Medical Society regarding hospital associations and related plans for medical care is given below. Members of the Society can judge whether or not the new plan of the National Hospital Association complies with these policies by reading in full the contracts of the National Hospital Association for hospital and medical security, or by reading the quotations below from these contracts.

4601

II

SOME FUNDAMENTAL POLICIES OF THE OREGON STATE MEDICAL SOCIETY REGARDING HOSPITAL ASSOCIATIONS AND RELATED PLANS FOR MEDICAL CARE

1. All physicians practicing ethical medicine in their respective communities must be eligible to perform service. The agency conducting the plan must not have the power to arbitrarily exclude any physician from eligibility.

2. Opportunity to practice medicine and surgery without a license must not exist or be inherent in the plan. If the agency conducting the plan has the power to determine whether an operation or other procedure is justified, and the power to overrule the attending physician's recommendation, that agency is practicing medicine without a license.

3. The physician selected by the subscriber must be responsible solely to his patient and not to a third person. Such a third person can directly or indirectly terminate the physician's services because of his failure to satisfy such third person as to the efficacy of his service.

4. The agency conducting the plan must not give the public the impression that it will pay in full all medical and surgical bills of the subscribers. The conditions and limitations of most contracts are so numerous that such payment is impossible.

5. The agency conducting the plan must not attempt to sell physicians' services or establish a fee schedule for services without consulting with and obtaining the permission of those physicians.

III

IS THE NEW PLAN OF THE NATIONAL HOSPITAL ASSOCIATION AN INDEMNITY INSURANCE PLAN OR IS IT AN EXTENSION OF ITS HOSPITAL ASSOCIATION BUSINESS?

The National Hospital Association has not qualified to do business under the health and accident insurance laws of Oregon or any other state. The company is still doing business, supposedly under the authority of the hospital association law.

The following quotations from the new contracts of the National Hospital Association show that the new plan is essentially a plan to provide medical, hospital and related services, but drafted in such a manner as to leave the inference that it is now an insurance company.

4602 "Foreword: This contract provides medical and surgical services, hospital care, * * * for the member of the class and to the extent herein defined for both sickness and injury wherever the member may be."

"* * * The Association, promises and agrees * * * to bear the expense of medical and surgical services, hospital care and special nursing for the member of the class and to the extent herein stated that are made necessary by sickness or injury as hereinafter defined, subject to the member's application herefor and to the provisions and conditions herein contained."

"This contract shall cover and the Association shall bear the expense of medical and surgical service, hospital care and special nursing for the member of the class and to the extent specified herein for the following causes, excluding all others: * * *"

"The benefits to which the member is entitled are hereinafter enumerated and defined, excluding all others:

"Medical and surgical services of the class and to the extent herein defined, including: * * *"

"The Association undertakes only to bear the expense of medical and surgical services, hospital care, special nursing and related benefits defined in this contract to the extent such services and care are available and are actually necessary * * *"

"The intention of this contract is to provide medical and surgical attention and hospital care for the member, and it is mutually agreed that any remuneration to the member shall apply in payment of such care. * * *"

"The Association will pay, for medical and surgical care examinations and related services, fees, congruous to the income of persons earning up to Twelve Hundred ($1200.00) Dollars per year or of other persons in like circumstances, but not in excess of fees established by the Association as maximum fees to be paid under this contract, and shall be subject to changes from time to time to meet changing conditions."

(Similar language is employed in relation to hospital and ambulance services.)

"The member and the Association shall cooperate in the execution of this contract to the end that the member shall receive prompt and efficient care at reasonable cost to the Association. * * *"

"The payments of the contract fees hereunder shall be evidenced by certificates issued by the duly authorized representatives of the Association. Such certificates shall contain the member's credentials for obtaining benefits to which he is entitled under this contract."

4603 The application form provides: "Since 1906 the National Hospital Association has been engaged in providing protection for wage earners against the burdensome costs of sickness and injuries, principally for groups in the larger industries in the West. Now, to meet the many requests from the general public, the Association is extending its coverage to individuals and their families wherever they may be through an improved contract under which the member selects the doctor and the hospital."

IV

CONTROLS OVER MEDICAL PRACTICE PROVIDED UNDER THE PLAN

The question of whether or not the National Hospital Association retains control over the type and scope of medical attention to be rendered to subscribers of its "new" plan has been asked several times. The following quotations from the contract of the National Hospital Association show that it has retained as much control over medical practice as it had under its old plan and perhaps may be said to retain more control.

"* * * to bear the expense of * * * that are *made necessary* by sickness or injury as hereinafter defined. * * *"

"The member shall have the right to engage the services of any regularly licensed physician or surgeon who is a member of the American Medical Association and/or the American College of Surgeons, or any other duly licensed physician or surgeon in the United States, Canada or other foreign county; provided that *the physician or surgeon selected is acceptable to the Association.* * * * the Association may, in its discretion, engage a specialist and/or other physician or surgeon to associate with, or act in consultation with the physician or surgeon engaged by the member, if in the judgment of the Association, the member would be benefited thereby."

"Operations where, after proper diagnosis, the member's condition clearly indicates the need the need of surgery.

"Consultation before operations, * * *"*

"The Association *will not assume charges of a general* practicioner where the member's condition clearly indicates the need of a specialist and where the services of a specialist are available."

"One of the purposes of this contract is to protect the member against dangers resulting from *illadvised and unnecessary operations.* Therefore, the member, before submitting to a surgical operation, shall furnish to the Association the name of the

attending surgeon and *a statement by said surgeon giving history, laboratory findings and diagnosis of the condition for which the operation is recommended,* and upon request by the Association, the member shall *submit to consultation* by a physician or surgeon to be named by the Association, and to such further examination as the consulting physician or surgeon shall require. * * *"

4604 "The Association *may reject any physician or surgeon* who fails or refuses to furnish information required of the member under this contract or any physician or surgeon who refuses consultation or who undertakes surgery or other special work he *is not qualified to perform* or who, for any other cause is not acceptable to the Association."

"The Association shall not assume charges for daily dressings or daily calls or visits unless the member's *condition clearly indicates the need for same,* and the Association shall not assume the expense of *unnecessary or excessive* x-rays, laboratory tests or other examinations, or of any other excessive or unnecessary services and care of the member."

"The Association will pay, for medical and surgical care, examinations and related services, fees congruous to the income of persons earning up to Twelve Hundred ($1200.00) Dollars per year or of other persons in like circumstances, but not in excess of fees established by the Association as maximum fees to be paid under this contract and which shall be subject to changes from time to time to meet changing conditions."

The member's receipt form provides: "The National Hospital Association will accept bills from doctors and hospitals for medical, surgical and hospital care of the member, subject to the provisions and conditions of the member's contract; provided that the *doctor engaged shall be qualified in the treatment of the particular condition and is acceptable to the Association.*

"Before submitting to a surgical operation or to any special examination or treatment, the member shall notify the Association in writing, and shall request the attending doctor to furnish the Associa-

tion with a report of the member's condition for which the operation or special examination or treatment is recommended, including history, laboratory and diagnostic findings, and such other information as the Association shall require—emergencies being excepted. *Doctors who refuse consultations or who fail or refuse to furnish the required information are not acceptable to the Association.*"

"The Association will accept the charges of doctors and hospitals up to the fees provided for in the member's contract, but it will not recognize charges for *unnecessary examinations or treatments* or for x-ray films which are not diagnostic. Bills for daily dressings, calls or visits, will be assumed only where the member's condition clearly indicates the need for same."

Upon motion duly made and seconded, it was voted that this action be approved.

3. Voted to adopt the following outline of duties for the assistant to the executive secretary:

1. Establish files under proper subject classification so that requests for information may be promptly complied with.

4605 2. Visit each approved local medical service bureau for the following purposes:

(a) To obtain as complete information as possible concerning (1) forms of contracts; (2) premiums charged; (3) number of subscribers; (4) number of subscribers covered by other plans; (5) potential number of subscribers; and other pertinent information.

(b) To ascertain the obstacles that prevent acacceptance of the plan by eligible groups of subscribers not now under the plan and solicit suggestions as to ways in which the Bureau of Medical Economics can assist in overcoming these obstacles.

(c) To solicit suggestions as to other ways in which the Bureau of Medical Economics can serve them.

3. Prepare a report of the data obtained from this survey and supply it to each approved local medical service bureau.

4. Send a letter to each of the larger industrial employers in the state who have employees in the low-wage brackets, explaining the Society's program, enclosing an explanatory pamphlet, and inviting his interest and further inquiry; refer these inquiries to the approved local medical service bureau serving the district in which the employer is operating, except that direct contact be established with such employers who are carrying on operations in more than one district.

5. Interview the president and secretary of each component society explaining the Society's program and leaving with them material on the medical care of low-income groups and other phases of medical economics published by the Society and the American Medical Association.

6. Interview as many other physicians as possible explaining the Society's program and soliciting them to cooperate with the approved local medical service bureaus in serving travelling subscribers under the conditions set forth in Method of Payment and Fee Schedule to be Applied in Providing Medical Care to Low-Wage Industrial Groups adopted by the Council.

Upon motion duly made and seconded, it was voted that this action be approved.

4. Voted to recommend to the Council that the publication of a pamphlet outlining the services available to low-wage groups through the approved local medical service bureaus affiliated with the Bureau of Medical Economics be authorized.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

4606 5. Voted to adopt, as a recommendation, a Fee Schedule to be Applied in Payment for Services Rendered to Low-Wage Industrial Workers Under Special Plans of Medical Care Offered by Approved Local Organizations Affiliated with the

Bureau of Medical Economics and that a copy of this schedule be sent to all physicians in the state.

Upon motion duly made and seconded, it was voted that this action be approved.

6. Voted to approve the publication of the proceedings of the 1939 Session as a supplement to "Northwest Medicine", with the understanding that their publication in this form will involve no expense to the Society.

Upon motion duly made and seconded, it was voted that this action be approved.

* * * * *

8. Voted to authorize the Physicians and Surgeons Hospital Association of Salem to enter into negotiations with the Oregon State Police to cover its employees throughout the state, with the understanding that the Association will submit full information concerning the proposed contract and obtain the approval of the Council before the agreement is consummated.

Upon motion duly made and seconded, it was voted that this action be approved.

There was discussion concerning the desirability of clarifying the meaning of the term, "local organization" as used in the Statement of Policy and Program for the Medical Care of Low-Wage Industrial Groups adopted by the House of Delegates at the 1938 Session. Upon motion duly made and seconded, it was voted that the Statement of Policy and Program for the Medical Care of Low-Wage Industrial Groups be amended by adding the following provision:

> "'Local organizations' shall mean an organization in which any physician practicing in the community who is a member of his local medical society and the Oregon State Medical Society is eligible to membership with equal share in stock ownership or other proprietory interest from the date of this amendment. Only one such local organization shall be approved in each community".

There was discussion concerning the proposed agreement, submitted by the Oregon State Pharmaceutical Association, to be followed by all approved local medical serv-

ice bureaus affiliated with the Bureau of Medical Economics in connection with the supplying of drugs to subscribers. Upon motion duly made and seconded, it was voted to reaffirm the policy of the Society which contemplates the ultimate elimination of drugs from approved plans of prepaid medical care and to recommend that each approved local medical service bureau adopt the proposed agreement, provided such action is feasible under the conditions existing in its particular community.

4607 There was discussion concerning the proposed Dufur Medical Plan under which the people in that community are attempting to establish a plan of prepaid medical care, which would enable them to subsidize to the extent of $3000 per year and thus induce a physician to locate there. It was concluded that no action should be taken with respect to this proposal until the Mid-Columbia Medical Society has adopted a policy with relation to it.

Dr. Bridgeman reported concerning the postgraduate education program. He stated that the Committee on Annual Session, in cooperation with the Committee on Postgraduate Education was planning to devote the first two days of the annual session to the presentation of postgraduate material by the guest speakers. He stated that two guest speakers would probably be obtained from the State University of Iowa College of Medicine and perhaps one or two from California. He stated that the number of papers by local members would probably be limited to ten.

Dr. Bridgemen stated that the Committee on Postgraduate Education was of the opinion that no government funds should be accepted for postgraduate instruction unless the Society controlled the program. He also reported that the committee was cooperating with the University of Oregon Medical School and the Alumni Association and that it was planned that combined publicity would be issued indicating to the medical profession all the available opportunities for postgraduate instruction.

* * * * *

Dr. Wilson, editor of the Oregon Section of "Northwest Medicine", submitted the following suggested methods for disseminating information concerning the activities of the Society:

1. Have the Secretaries of the component medical societies read excerpts from the Oregon Section of "Northwest Medicine", paying particular attention

to the organization activities section and to the objectives of the Society.

2. Have Council members discuss the activities of the Council at regular meetings of their component societies.

3. Have the delegates to the Oregon State Medical Society discuss the problems of postgraduate education and public relations before their component societies.

4. Delegate one or more councilors to appear on the program of the component societies to discuss postgraduate education and public relations.

5. Request secretaries of component societies to read and interpret important news releases from the Society headquarters, these to be read before regular meetings.

6. Bring up for detailed discussion before component societies, the policies and activities of the Oregon State Medical Society as put forth in the paid advertisement which was drawn up by the Committee on Public Relations of the Oregon State Medical Society.

4608 7. Redefine or explain in more detail the policies and activities as condensed in this release from the Committee on Public Relations.

8. Have regular releases to the secretaries of the component societies, such as the recent statement of policy of the Oregon State Medical Society regarding hospital associations and related plans for medical care.

9. Start planning the exhibits for the State Fair and County Fairs.

Upon motion duly made and seconded, it was voted that the editor's suggestions be approved and that the editor and the Executive Committee take steps to place them in effect.

• • • • •

Dr. Sears suggested that the May meeting of the Council be held in Klamath Falls and that Dr. Ralph W. Stearns be notified of the willingness of the Council to meet there. Dr. Durno suggested that the meeting be held in conjunc-

tion with the annual meeting of the Southern Oregon Medical Society. He stated that this meeting was scheduled to be held in Medford, but that he would attempt to have the meeting transferred to Klamath Falls.

There being no further business, the meeting was adjourned.

MORRIS L. BRIDGEMAN
Secretary

Plaintiff's Exhibit 351

4609 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

June 12, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, June 12th, at 6:30 P.M.

The following members of the Council were present: George E. Henton, E. H. McLean, Raymond M. McKeown, John R. Montague, Thomas D. Robertson, John H. Fitzgibbon, John Besson, Stanley Lamb, Henry Garnjobst, B. R. Shoemaker, and L. S. Kent.

Rachel Carleton Sparks, editor of the Oregon Section of "Northwest Medicine"; Frederick D. Stricker, State Health Officer; John F. Belz, Director of the Division of Maternal and Child Health of the Oregon State Board of Health; Vernon A. Douglas, Director of Emergency Medical Service of the Oregon State Defense Council; Gordon B. Leitch, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of May 1st and to approve them in the form in which they had been supplied to the members.

* * * * *

4611 Respectfully submitted,

Committee on Maternal Welfare

L. S. Kent, Eugene, Chairman
Charles E. Hunt, Eugene
Albert W. Holman, Portland
E. H. Kelley, Corvallis
B. A. Van Loan, Portland
Dean H. Osborn, Klamath Falls

Committee on Child Health

L. Howard Smith, Portland, Chairman
Jessie Laird Brodie, Portland
Jerald S. Backstrand, Salem
R. S. Waltz, Forest Grove

Upon motion duly made and seconded, it was voted to approve the action of the Executive Committee in adopting this report.

President Henton reported on the meeting of the Pacific States Medical Executives' Conference held in Portland on May 29-30.

Dr. Fitzgibbon reported concerning actions taken by the House of Delegates of the American Medical Association at its meeting in Chicago on June 7-9.

Dr. Fitzgibbon stated that the House had adopted the policy of the Society with respect to the program of the Federal government to provide maternity and infant care to the wives and infants of enlisted men.

Dr. Fitzgibbon stated that the House had voted to create a Council on Medical Service and Public Relations to consist of six members of the Association selected according to geographic distribution, and the President, the immediate Past-President, the Secretary, and a member of the Board of Trustees. He stated that the functions of the new Council are: (1) to make available facts, data and medical opinions with respect to timely and adequate rendition of medical care to the American people; (2) to inform constituent associations and component societies of proposed changes affecting medical care in the nation; (3) to inform constituent associations and component societies regarding the activities of the Council; (4) to investigate matters pertaining to the economic, social and similar aspects of medical care for all people; (5) to study and suggest means for the distribution of medical service to the public consistent with the principles adopted by the House of Delegates; (6) to develop and assist committees on medical service and public relations originating within the constituent associations and component societies of the American Medical Association. He stated that he had been appointed a member of the Council.

Dr. Fitzgibbon stated that the Directing Board of the Procurement and Assignment Service for Physicians was again stressing the importance of the establishment of Committees on War Participation by the State medical associations to deal with problems of civilian medical service

created by the war. He urged that the Oregon War Emergency Health Committee, established in October, 1942, and discharged in February, 1943, be reestablished. Upon motion duly made and seconded, it was voted to establish a Committee on War Participation and to appoint Albert W. Holman of Portland chairman, he to cooperate with the president and Dr. Fitzgibbon in the organization of the committee.

4612 Dr. Douglas stated that the Oregon Defense Council desired to create an Advisory Committee to the Director of Emergency Medical Service to consist of representatives of the medical and allied professions. He asked that a representative be appointed from the Society. Upon motion duly made and seconded, it was voted to authorize the President to appoint a representative to serve on an Advisory Committee to the Director of Emergency Medical Service of the Oregon State Defense Council. President Henton announced the appointment of Henry Garnjobst of Corvallis.

Dr. Douglas stated that the Oregon State Defense Council was planning to offer a short course in the medical aspects of chemical warfare to be given in various cities of the State. He stated that the State Defense Council desired to present this course jointly with the Society and the University of Oregon Medical School. Upon motion duly made and seconded, it was voted to join with the Oregon State Defense Council and the University of Oregon Medical School in sponsoring a short course in the medical aspects of chemical warfare for the physicians of the State.

There was discussion concerning the demands made upon the executive secretary in connection with the activities of various regional medical organizations. On motion duly made and seconded, it was voted that the work of the executive secretary, apart from his duties for the Society, be limited to similar duties for the Multnomah County Medical Society.

There was discussion concerning the need for more suitable office space for the executive secretary. Upon motion duly made and seconded, it was voted that a committee be appointed to investigate the possibility or rearranging the headquarters' office to provide more suitable space for the executive secretary, or obtaining other quarters that would make available more suitable space. President Henton appointed a committee consisting of Thomas D. Robertson, Chairman; Stanley Lamb, and John Besson.

Dr. Leitch reported concerning his visits, as a member of the Committee on Public Policy, to the Marion-Polk County, the Clatsop County, the Tillamook County, the Douglas County, the Josephine County, and the Jackson County Medical Societies.

Dr. Robertson reported on the plans of the Committee on Annual Session for the 1943 Session. He stated that the Committee was planning a two-day meeting to be held in September to be largely devoted to discussions on tropical medicine and industrial health.

There was discussion concerning the desirability of fixing the dates of the Session at this time. Upon motion duly made and seconded, it was voted that the 1943 Session be held in Portland on Saturday, September 4th, and Sunday, September 5th.

There was discussion regarding the need of meetings during the summer months. Upon motion duly made and seconded, it was voted that meetings be held on July 10th and August 14th.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 352

4613 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

July 10, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, July 10th, at 6:30 P. M.

The following members of the Council were present: George E. Henton, Thompson Corberth, E. H. McLean, John R. Montague, Thomas D. Robertson, John Besson, Stanley Lamb, L. M. Spalding, Henry Garnjobst, B. R. Shoemaker, and L. S. Kent.

Rachel Carleton Sparks, editor of the Oregon Section of "Northwest Medicine"; Mrs. G. B. McLean, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of June 12th and to approve them in the form in which they had been supplied to the members.

Bills for June were read and approved.

A letter signed by members of the Baker County Medical Society, addressed to the Oregon Physicians' Service, requesting that organization to enter into medical service contracts for employee groups in Baker County, was read.

A letter from the Northwest Hospital Service Plan was read. In the letter, the Service Plan requested permission to offer prepaid hospital service to members of the Society and their families, the applications and premiums to be received by the Secretary and turned over to the Service Plan, in the same manner as physicians' liability insurance is now handled. Upon motion duly made and seconded, it was voted that this letter be laid upon the table.

There was discussion concerning the appointment of a committee to study and make recommendations concerning the relationship of members to commercial hospital associations. On motion duly made and seconded, it was voted to authorize the President to appoint a committee to study the relationship of members to commercial hospital associations and to make recommendations to the Council, and later to the House of Delegates, concerning this relationship.

President Henton outlined plans for a service bulletin to be published in the interest of Oregon physicians serving with the armed forces to contain news of medical activities at home and of the physicians in service. Upon motion duly made and seconded, it was voted to approve the publication of a service bulletin in the interest of Oregon physicians serving with the armed forces and to appoint Mrs. G. B. McLean as editor, at a compensation to be determined by the President and the Secretary.

4614 • • • • • •

President Henton reported concerning the recent visit of Dr. Garnjobst and himself to the Clatsop County Medical Society.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 353

4615 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

October 23, 1943

A special meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, October 23rd, at 5:00 P. M.

The following members of the Council were present: Thompson Coberth, E. H. McLean, Albert W. Holman, Burton A. Myers, Thomas D. Robertson, Ralph A. Fenton, Stanley Lamb, L. Howard Smith, L. M. Spalding, B. R. Shoemaker, C. A. McCain, L. S. Kent, and George E. Henton.

Gordon Leitch, John R. Montague, H. L. Blosser, Charles P. Wilson, E. E. Gambee, Richard B. Adams, and Charles E. Sears; Willard C. Marshall, Ralph E. Jackson, E. E. Rubey, and Joseph E. Harvey, Jr., of the Administrative Staff of the Oregon Physicians' Service, and the executive secretary were also present.

Mr. Marshall, General Manager of the Oregon Physicians' Service, presented a verbal report of the recent meeting of the Pacific Coast Medical Service Executives' Conference.

Mr. Marshall discussed the financial aspects of the operation of the Swan Island Shipyard Infirmary in Portland and the Vanport City Hospital by the Oregon Physicians' Service.

Mr. Marshall outlined the difficulties that have arisen in the relations of the Oregon Physicians' Service and the Northwest Hospital Service Plan.

A letter from the California Medical Association was read. In the letter, it was suggested that the Society's Committee on Public Policy participate in a conference of representatives of the state medical associations of the western states to be held in San Francisco during the latter part of November or the early part of December to discuss methods to be used in combatting S.1161, the so-called Wagner-Murray-Dingell bill now pending in the Congress. Upon motion duly made and seconded, it was voted to refer this letter to John H. Fitzgibbon, member of the Council on Medical Service and Public Relations of the American Medical Association.

* * * * *

4616 In the absence of John Besson, chairman of the special committee appointed to study and submit recommendations concerning railroad contract practice and relations with the Northwest Hospital Service Plan, Dr. Leitch, member of the committee, presented the report of the Committee.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 354

4617 • • • • •

Dr. Besson, Chairman of the special committee appointed to study and make recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and other related subjects, reported that his committee was engaged in studying its assignment and would be prepared to report shortly. Dr. Besson suggested that a special meeting be held to consider the recommendations of the committee. Upon motion duly made and seconded, it was voted that a special meeting be held sometime during October.

President Coberth called attention to the fact that the House of Delegates, at the 1943 Session, had voted to recommend that consideration be given to expanding the "Service Bulletin" to make it a medium for the dissemination of information concerning Society policies and activities. Upon motion duly made and seconded, it was voted that the question of expanding the present "Service Bulletin" to make it a medium for the dissemination of information concerning Society policies and activities be referred to the special committee appointed to study and make recommendation concerning the relationship of members to commercial hospital associations, railroad contract practice, and other related subjects.

• • • • •

There was discussion concerning certain conflicts with medical practice arising from the operation of the so-called "Blue Cross" hospital service plans. Upon motion duly made and seconded, it was voted that the relations of the "Northwest Hospital Service Plan", the Oregon "Blue Cross" plan, be referred to the special committee appointed to study and make recommendations concern-

ing the relationship of members to commercial hospital associations, railroad contract practice, and other related subjects.

Plaintiff's Exhibit 355

4618 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

February 5, 1944

(Owing to the absence of a quorum, the meeting was adjourned and reconvened as a meeting of the Executive Committee.)

The regular monthly meeting of the Council of the Oregon State Medical Society was called at the Mallory Hotel on Saturday, February 5th, at 5:30 P. M.

Owing to the absence of a quorum, the meeting was adjourned and reconvened as a meeting of the Executive Committee.

The following members of the Executive Committee were present: Thompson Coberth, E. H. McLean, Stanley Lamb, and L. Howard Smith.

Other members of the Council present were: Raymond M. McKeown, Ralph A. Fenton, John H. Fitzgibbon, Henry Garnjobst, and L. S. Kent.

Richard B. Adams, Gordon B. Leitch, Leo S. Lucas, H. H. Thatcher, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 8th and to approve them in the form in which they had been supplied to the members.

4619 • • • • •

Dr. Besson, chairman of the special committee appointed to study and submit recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan, reported that the committee had held two meetings with representatives of the Plan and that, as a result of these meetings, a proposal for a cooperative agreement between the two organizations had been worked out. Dr. Besson stated that he had recently received a letter from the Northwest Hospital Service Plan rejecting this

proposal and indicating that it would be unwise to pursue this proposal further at this time.

Dr. Besson reported that the committee's study of railroad contract practice had revealed much interesting information, but that it was impossible for the committee to present any definite recommendations until a number of factors in the situation could be clarified.

Dr. Besson stated that, in view of these developments, the committee had reached the conclusion that it could make no recommendations on the questions assigned to it for study, that these questions be considered closed, and that the committee be discharged.

4620 Upon motion duly made and seconded, it was voted to thank the special committee appointed to study and make recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan, for their excellent work in studying these problems and to discharge the committee.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 356

4621 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 4, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, March 4th, at 5:30 P. M.

The following members of the Council were present: Thompson Coberth, George E. Henton, E. H. McLean, Albert W. Holman, Burton A. Myers, R. Lloyd Tegart, John H. Fitzgibbon, John Besson, Stanley Lamb, L. Howard Smith, L. M. Spalding, Henry Garnjobst, E. D. Lamb, W. J. Weese, and L. S. Kent.

Morris L. Bridgeman, Richard B. Adams, H. L. Blosser, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 5th,

on which date, owing to the lack of a quorum, the meeting was adjourned and reconvened as a meeting of the Executive Committee, and to adopt the minutes in the form in which they had been supplied to the members.

* * * * *

4623 Dr. Henton, State Chairman of the Procurement and Assignment Service for Physicians, made a verbal report of current problems and Dr. Fitzgibbon reported on the recent meeting of the Board of Trustees of the National Physicians' Committee. Among other things, he stated that the Board was contemplating a survey of plans of prepaid medical care in the Portland metropolitan area.

Dr. Fitzgibbon also reported on the recent meeting of the Council of Medical Service and Public Relations of the American Medical Association. He stated that the Council had concluded to make the following recommendations to the Board of Trustees of the Association:

4624 1. The creation of membership for medical students.

2. The extension of courses in medical economics in medical schools.

3. The establishment of an office in Washington, D. C., to be called the "Office of Medical Economics Research of the Council on Medical Service and Public Relations of the American Medical Association."

* * * * *

President Coberth announced that the Loyalty Group of insurance companies had submitted a plan of accident and health insurance to be made available to members of the Society. He stated that he would refer this proposal to a committee for study and recommendations. Dr. Coberth announced the appointment of Gordon B. Leitch as chairman of this committee, Dr. Leitch to select two other members to serve with him.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 357

525 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

April 1, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel in Saturday, April 1st, at 5:30 p. m.

The following members of the Council were present: Thompson Coberth, E. H. McLean, Raymond M. McKeown, Burton A. Myers, Thomas D. Robertson, R. Lloyd Tegart, John H. Fitzgibbon, L. Howard Smith, L. M. Spalding, B. R. Shoemaker, C. W. McCain, and L. S Kent.

Morris L. Bridgeman, Richard B. Adams, Karl H. Martzloff, Gordon B. Leitch, H. L. Blosser, Joseph P. Brennan, and the executive secretary were also present.

Upon motion duly made and seconded; it was voted to dispense with the reading of the minutes of March 4th and to approve them in the form in which they had been supplied to the members.

Bills for March were read and approved.

Dr. Leitch, Chairman of the committee appointed to study and make recommendations concerning the plan of accident and health insurance for members, submitted by the Loyalty Group of insurance companies, presented a preliminary report of the investigation of the committee and stated that the committee would submit a final report at the May meeting.

Dr. Martzloff, Chairman of the Committee on Publication, reported concerning the annual meeting of the Board of Trustees of the Northwest Medical Publishing Association, publishers of "Northwest Medicine", held at Portland on February 13th.

Dr. Martzloff reported that the financial condition of the Northwest Medical Publishing Association was apparently entirely satisfactory when compared with the experience of former years. He stated that there had been a gradual augmentation of cash assets, despite the decrease in the number of subscribers, because certain expenses had diminished and certain types of income, especially from advertising, had increased.

Dr. Martzloff reported that the Board of Trustees had authorized an increase of $50.00 per month in the salary of Clarence A. Smith, editor of "Northwest Medicine", and

an increase of $25.00 per month in the salary of Dr. Smith's secretary. He stated that it had been impossible to obtain an assistant editor to replace Herbert L. Hartley, who entered the military service, and that the Board of Trustees had given serious consideration to this fact, because Dr. Smith, owing to his advanced age, may, at any time, become unable to carry on his important and valuable functions.

4626 Dr. Martzloff reported that the suit of the Sanitube Company of New York against the Northwest Medical Publishing Association and others had been settled for a theoretical sum of $100.00 but that the settlement did not involve a transfer of funds.

Dr. Martzloff reported that the Board of Trustees had again discussed the doubtful legal status of the ownership of "Northwest Medicine" and the desirability of reincorporating the Northwest Medical Publishing Association, thus definitely establishing the ownership and freeing the Washington, Idaho and Oregon state medical associations from possible legal liability arising from suits against the Publishing Association.

Dr. Martzloff reported that Dr. Smith had received a letter from W. M. Whitehead of Juneau, Alaska, stating that some members of the Alaska Territorial Medical Association had been considering the possibility of the affiliation of their Association with the Washington, Idaho and Oregon State medical associations in the publication of "Northwest Medicine".

Dr. Martzloff called attention to the action of the Council, at its December, 1943, meeting, in voting that Mrs. A. J. McLean act as editor of the Oregon Section of "Northwest Medicine", replacing Rachel Carleton Sparks, who was unable to continue this activity because of illness. Dr. Martzloff stated that it had been impossible for Mrs. McLean to undertake this assignment because her time was entirely taken up by her work as editor of the Service Bulletin. He stated that some member should be appointed to serve as editor of the Oregon Section.

* * * * *

Dr. Martzloff submitted the following recommendations of the Committee:

1. That steps be taken to reincorporate the Northwest Medical Publishing Association.

4627 Upon motion duly made and seconded, it was voted that this recommendation be adopted.

2. That "Northwest Medicine" be made available to members of the Alaska Territorial Medical Association and that they be permitted to publish scientific papers therein, but that the Association have no representation on the Board of Trustees or in the group of Assistant Editors or Associate Editors.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

3. That Gordon B. Leitch of Portland be appointed editor of the Oregon Section of "Northwest Medicine", with an honorarium of $35.00 per month.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

A letter from Mrs. Wilson Johnston, expressing appreciation of the Certificate of Merit which the Council confered on her late husband on August 14, 1943, was read.

A letter from Vernon J. Brown, submitting his resignation as a Trustee of the Oregon Physicians' Service, because of ill health, was read. Upon motion duly made and seconded, it was voted to accept Dr. Brown's resignation with regret and that a letter be written to him expressing appreciation of his services as a Trustee.

Gordon B. Leitch of Portland was nominated as a Trustee of the Oregon Physicians' Service to replace Dr. Brown.

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Plaintiff's Exhibit 358

4629 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

May 5, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, May 5th, at 5:30 P. M.

The following members of the Council were present: Thompson Coberth, George E. Henton, E. H. McLean, Raymond M. McKeown, Burton A. Myers, Thomas D. Robertson, R. Lloyd Tegart, John H. Fitzgibbon, Stanley Lamb, L. M. Spalding, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, W. J. Weese, and L. S. Kent.

Richard B. Adams, Gordon B. Leitch, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of April 1st and to approve them in the form in which they had been supplied to the members.

* * * * *

4631 Dr. Leitch, Chairman of the committee appointed to study and make recommendations concerning the plan of accident and health insurance for members, submitted by the Loyalty Group of insurance companies, presented the following report:

"As Chairman of the special committee appointed to study and make recommendations concerning the group accident and health insurance plan submitted by the Loyalty Group, with a view to having it adopted by the Society for its members, I wish to submit the following report.

"Careful analysis of the proposed policy discloses that it has liberal terms, few restrictions, and these clearly set forth, and, in general, is about the fairest example of this type of policy which has come to my attention. It must be borne in mind clearly, however, that the policy does not attain the ideal, that its returns are exactly in line with the amount of premium paid, and that, in summary, it is protection only against catastrophic illness or accident. It is a group policy, and has the advantage that individuals can obtain this insurance at the onset which they would later be denied if seeking it as individuals.

"A check on performance reveals that a similar plan has been placed in effect by the Spokane, Whatcom, and Pierce County Medical Societies in Washington, and the British Columbia Medical Association. We have had no report from the Spokane County Medical Society; that from the Washington State Pharmaceutical Association has been completely favorable over the past four years. The physicians of Pierce County and the lawyers of the same county recently took their policies, and to date their experiences have been wholly favorable.

"The experience of the physicians of British Columbia has likewise been satisfactory. At first, the policy was confined to the Vancouver Medical Association only; their experience was considered so favorable

that it was within the year extended to include the entire province.

"I personally interviewed three doctors who had received, or were still receiving, claim payments from the companies. They were all completely satisfied in every respect, and, in one instance, the policy had been in effect only thirty days when necessity for claim arose.

"In view of the above, it is recommended that the policy submitted is considered desirable and acceptable, provided it is the wish of the Society to recommend a group policy of this type to its members in accordance with the proposed plan."

Respectfully submitted,

GORDON. B. LEITCH, Chairman

4632 Upon motion duly made and seconded, it was voted that this report be adopted and that the proposed plan of accident and health insurance for members be placed in effect.

* * * * *

4634 Upon motion duly made and seconded, it was voted that this report and the policies outlined therein be adopted and that Dr. Kent continue to represent the Society in conferences of representatives of state medical associations relating to the medical care of the wives and infants of enlisted men.

Dr. Adams, Chairman of the Committee on Public Policy, read a letter which the Committee had addressed to Wayne L. Morse, Republican candidate for United States Senator, requesting a statement of his position on Federal dictation, regimentation, and socialization of medical practice, and Mr. Morse's reply.

Upon motion duly made and seconded, it was voted that the Committee on Public Policy address similar letters to the other candidates for United States Senator whose attitudes on these questions is not already known, and that the Committee send a bulletin to the members setting forth the position of each candidate on these issues.

It was reported that the Oregon State Board of Medical Examiners desired to direct attention to the violation of the Doctors' Title Act by a number of physicians, especially by some practicing as "clinics". Upon motion duly made and seconded, it was voted that an explanation of

the Doctors' Title Act and a discussion of existing violations of the Act, especially by physicians practicing as "clinics", be published soon in the Oregon Section of "Northwest Medicine".

E. D. Lamb, Chairman of the Committee on State Industrial Affairs, reported that the meeting of the Committee with the Oregon State Industrial Accident Commission, which had been scheduled for April 29th, had been postponed until May 20th because of the absence from the State of one of the members of the Commission.

Dr. Robertson, Chairman of the Committee on Annual Session, pointed out that it would be desirable to decide upon the meeting place, dates, and general character of the program for the 1944 Session.

Upon the motion duly made and seconded, it was voted that the 1944 Session be held in Portland on September 2nd and 3rd, and that the program, in large part, be provided by medical officers of the military services, especially by members returned from overseas duty.

There was discussion concerning the desirability of reorganizing the House of Delegates to provide for an elected speaker and various reference committees. Upon motion duly made and seconded, it was voted to refer to the Committee on Constitution and By-Laws the question of amending the By-Laws to make provision for an elected speaker and appropriate reference committees in the organization of the House of Delegates.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary.

Plaintiff's Exhibit 359

4636

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STATE COUNCIL MEETING

The Council of the Oregon State Medical Society met on May 6 in Portland for consideration of a number of matters of concern to the profession.

The Committee on public policy reported its letter sent to the Oregon State Nurses Association regarding a schedule of minimum salaries and personnel practices for nurses.

Dr. L. S. Kent of Eugene reported on the recent conferences concerning the federal emergency maternal and infant care program.

A request from the State Board of Medical Examiners that medical doctors comply with the provisions of the Doctors Title Act was read and ordered published in NORTHWEST MEDICINE before any "crackdowns" occur.

Accepting the report of the special committee investigating group health and accident insurance for society members, the Council approved the proposals as submitted and voted to recommend that the various component societies and members be duly notified of the program. On a group basis members of the society may now purchase health and accident insurance against catastrophic sickness or injury on a similar basis to that in use for malpractice insurance, the premiums being paid into the society, which in turn deals directly with the insurer. This convenience, with benefits scaled to the amount of premium as desired, will be effective when at least fifty per cent of the membership sign up.

It was voted to hold the Annual Meeting in Portland September 2-3, with possibly the House of Delegates meeting the evening of September 1. Program announcement will follow in a later issue.

O.P.S. DIRECTORS CANCEL VANPORT HOSPITAL CONTRACT

On May 6 the directors of Oregon Physicians' Service met at the association's Portland office for the disposal of routine business.

The members of the Committees proposed at the April meeting were appointed, subject to individual acceptance, as follows:

Professional Relations: Gordon B. Leitch, R. Lloyd Tegart of Portland; John V. Straumfjord of Astoria.

Public Relations: Thompson Coberth, The Dalles; A. H. McLean of Oregon City, John Besson of Portland.

Legal Relations: D. R. Ross of Salem, C. W. McCain of Hood River, E. E. Gambee of Portland.

Subscriber Relations: L. M. Spalding of Astoria, Verne L. Adams of Myrtle Creek, Harry B. Moore of Portland.

Employer Relations: George I. Hurley of Eugene, Charles E. Sears of Portland; J. H. Garnjobst of Corvallis.

The policy of paying commissions or bonuses to employees was discussed and the former stand of not paying them was reaffirmed. A request that listings of the amounts

paid out to individual participating doctors be given publicity was refused; as was likewise the suggestion that periodic financial statements be forwarded regularly to all staff physicians. The directors voted to make available condensed financial statements upon request, this information being on file in the association's offices and with the insurance commissioner in Salem.

Discussion of the Vanport City hospital was introduced by the supervisory committee of Multnomah County which requested the board of directors to end the present unsatisfactory contract. It appears that, in the relatively few months during which the Multnomah pool of Oregon Physicians Service has operated this hospital, there has been accumulated a deficit in the neighborhood of $71,000, and since this adversely affected the quarterly division of funds payable to doctors in Multnomah county, it was felt the existing contract should be canceled as provided. After due consideration the directors voted unanimously to cancel this contract with the Federal Public Housing Authority effective June 30.

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(This exhibit is part of the June 1944 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 360

4637 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

October 7, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, October 7th, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, Thomas S. Saunders, Frank R. Menne, Stanley Lamb, L. Howard Smith, J. V. Straumfjord, B. R. Shoemaker, C. W. McCain, and L. S. Kent.

Morris L. Bridgeman, Richard B. Adams, Gordon B. Leitch, John F. Belz, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of June 3rd and

to approve them in the form in which they had been supplied to the members.

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4638 * * * * *

There was discussion concerning the desirability of informing the presidents and secretaries of the component societies regarding the activities of the Council. Upon motion duly made and seconded, it was voted to invite the presidents and secretaries of the component societies to meeting with the Council on some designated date or dates to be selected by the President, possibly at the time of the Spring meeting of the House of Delegates.

There was discussion regarding the need of a better understanding of ethical principles by the membership. Upon motion duly made and seconded, it was voted that a copy of the Principles of Medical Ethics of the American Medical Association be sent to each member.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 361

4639 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

December 2, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, December 2nd, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, J. C. Hayes, Dean P. Crowell, Burton A. Myers, Thomas S. Saunders, Frank R. Menne, J. V. Straumfjord, B. R. Shoemaker, E. D. Lamb, L. S. Kent, and Ralph A. Fenton.

Morris L. Bridgeman, Richard B. Adams, Gordon B. Leitch, Frank R. Mount, Clifford E. Hardwick, Frederick D. Stricker, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of November 4th and to approve them in the form in which they had been supplied to the members.

Bills for November were read and approved.

Dr. Kent, Chairman of the Committee on Maternal Welfare, reported on the conference of State Maternal Welfare held in Chicago on November 16th.

Dr. Mount, Chairman of the Committee on the Readjustment in Practice of Returning Medical Officers, outlined some of the problems that would confront medical officers on their return to civilian practice and the preliminary work the Committee was planning to assist them. He solicited suggestions that might be helpful to the Committee.

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Plaintiff's Exhibit 362

4641 Oregon Medical Society

PROCEEDINGS OF THE COUNCIL

February 3, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, February 3rd, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, Burton A. Myers, Ralph A. Fenton, Stanley Lamb, Frank R. Menne, L. Howard Smith, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, and E. D. Lamb.

Richard B. Adams, Gordon B. Leitch, Matthew C. Riddle, Charles N. Holman, John P. Cleland, and the executive secretary were also present.

In the absence of Thomas S. Saunders, Secretary, Stanley Lamb was appointed Secretary-Pro-Tem.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 6th and to approve them in the form in which they had been supplied to the members.

Bills for January were read and approved.

A letter from Emerson Abbott, Secretary-Treasurer of the Lane County Medical Society, was read. In the letter, it was stated that the Lane County Chapter of the American National Red Cross had requested that the physicians of Lane County accept payment on the basis of the fee schedule of the Oregon State Public Welfare Commission for services rendered to the dependents of enlisted men under the auspices of the Red Cross. It was further stated that the Lane County Medical Society had discussed this re-